

TRANSITION / RUNAWAY MEDICAL COSTS

Clinton Team Dilemma: Pump Up Economy or Trim Deficit?

POLITICAL NOTES

The Inaugural Parade to March to a New Beat

WASHINGTON — In what probably will go down in the record books as the most unusual mix of inaugural participants, Bill Clinton's parade and pre-parade entertainment on Jan. 20 will feature a precision lawn chair marching team, a reggae band and two Elvis Presley impersonators — stand-ins for the young "King" and the old, tubby one.

The Presidential Inaugural Committee, in announcing the lineup for the day's inaugural celebration, said the parade and other festivities would have the traditional marching bands, military squadrons and equestrian units but would include a wider variety of performers and participants than before.

The inaugural planners have invited the Lesbian and Gay Band of America; the Sounds of Silence, a group of hearing-impaired young adults who use sign language to communicate lyrics from live music; a contingent of former Peace Corps volunteers; residents from McCrossan Boys Ranch, a home for wayward boys; and a high school band from Homestead, Florida, whose school was destroyed in the hurricane there last August.

Mr. Clinton's official inaugural slogan is "An American Reunion — New Beginnings, Renewed Hope."

Clinton Showing Caution in Filling Trade Post

WASHINGTON — Glaring in its absence from last week's naming of Bill Clinton's economic policy team was a candidate for the critical job of U.S. trade representative. Mr. Clinton apparently is having trouble deciding not only whom he wants to fill the post, but also what he wants to do about two key trade negotiations that are close to completion: the North American Free Trade Agreement and the 108-nation Uruguay Round of GATT talks.

Mr. Clinton's choice for trade representative will be a signal of where he intends to go with these talks. It also will signify much about how he intends to approach the question of the U.S. economic relationship with Japan.

A black woman physician, meanwhile, said that Mr. Clinton had asked her to be the senior U.S. public health official. "I told him I'll take it," said Joyceelyn Elders, the director of the Arkansas Department of Health, in accepting the offer to become U.S. surgeon general. She noted, however, that the present surgeon general, Dr. Antonia C. Novello, had 18 months remaining in her four-year term. She said she did not know if Mr. Clinton would ask for Dr. Novello's resignation. (LAT, Reuters)

Limits on Increases in Drug Prices Planned

WASHINGTON — Bill Clinton's transition team has put the drug industry on notice that he intends to limit increases in prescription drug prices as part of any plan to revamp the U.S. health care system.

Aides to Mr. Clinton met recently with drug company executives, described his ideas and invited their reaction. Details of the meeting were provided on Monday by Clinton aides and company executives.

One of Mr. Clinton's ideas is to make prescription drugs available to all Americans as part of a standard package of health benefits, which employers must provide to employees. Another idea, part of the same plan, is to set guidelines for drug prices in an effort to ensure that they do not rise faster than other consumer prices. (NYT)

Quote/Unquote

George Stephanopoulos, the Clinton transition communications director, on the economic conference in Little Rock, Arkansas: "Now is the winter of our content."

Away From Politics

- Riot policemen arrested 60 people in Los Angeles after demonstrators threw rocks and bottles and looted a gas station at an intersection where riots began in April. The police said one man was killed while trying to protect his store from looters and 12 people were slightly injured during the disturbance.
- A wave of attacks on Jews in New York City has prompted Jewish groups to call for more measures to end the violence. In four separate incidents, a Hasidic man, 62, was stabbed in the stomach; three youths, all 18, were attacked while anti-Jewish remarks were yelled out; a woman ordered her dog to attack a man, 33, and anti-Semitic graffiti was found in a housing complex.
- Thousands of houses damaged in the hurricane that hit southern Florida in August were poorly designed, badly built and inadequately inspected, a Dade County grand jury said in a report on what it termed shoddy practices that contributed significantly to the country's most costly natural disaster.
- The Supreme Court has agreed to decide whether the constitution permits states to increase sentences for crimes like assault or vandalism if the victim was selected because of race, religion, ancestry or the like. Six months ago, the court ruled that states may not designate particular expressions of bias as crimes.
- A man was sentenced to a maximum 10 years in prison under a new Louisiana law for failing to warn a woman with whom he had sexual intercourse that he was infected with the virus that causes AIDS. Salvatore Gumbarella, 28, was the first person to be convicted under the law.
- The former head of the "Flying Dragons," one of the largest gangs of extortionists and drug traffickers in New York's Chinatown, faces a maximum sentence of life in prison for smuggling more than 400 pounds (180 kilograms) of top-quality heroin into New York. Johnny Eng, 36, was convicted of importing the heroin from January 1987 to September 1988.
- An alleged Irish nationalist guerrilla, who escaped from a prison in Northern Ireland in 1983, turned himself in to U.S. marshals in San Francisco after a U.S. Appeals Court had revoked his \$1.5 million bail and ordered him back into custody. Britain is seeking the extradition of the suspect, James Smyth, 38, who it alleges is a member of the Irish Republican Army.
- A student armed with an assault rifle killed a teacher and a fellow student and wounded four people at Simon's Rock College, an exclusive school for the gifted, in Great Barrington, Massachusetts, the authorities said. The Berkshire County district attorney said that Wayne Lo, 18, a second-year student from Billings, Montana, was arrested. (AP, Reuters, WP, NYT, AFP)

By Lawrence Malkin
International Herald Tribune

NEW YORK — By their questions and remarks at Bill Clinton's economic teach-in, the new administration's economic team on Tuesday disclosed its principal short-term preoccupations: the dilemma between stimulating the economy and cutting the budget deficit, and how to deal with the worldwide economic downturn.

The president-elect started the second and final day of televised economic discussions in Little Rock by noting IBM's latest downsizing announcement and commenting, "Product development will be cut by \$1 billion—the exact thing we don't want to be cutting."

Two leading economists, Allan Sinai of the Boston Company and a Nobel laureate, James Tobin of Yale, urged a short-term economic stimulus as one way of increasing jobs, tax revenue, and growth that would provide a basis for an iron-clad deficit-cutting plan.

Mr. Clinton made it clear that he had not made up his mind whether to propose a short-term stimulus plan now that the economy was recovering slowly. He said it would be "a very tough call" because it might divert resources from long-term investment and warned his advisers, sitting around the table with him, not to get "fixated" on the questions that involve billions more dollars "and are already out there" — in particular spiraling medical costs.

"If you don't get growth," he said, "I don't care what our budget plan says, the deficit will be bigger than we estimate because the revenues won't come in to support the



President-elect Clinton listening Tuesday to Erskine Bowles, a banker, on the second day of the economics conference in Little Rock.

new package." He added: "I don't mean we shouldn't do the stimulus. I haven't made the decision yet about how much and what."

He also warned that investment must be increased to make up for the shortfall of the 1980s — and that recession in Europe and Japan will cut U.S. exports, which "argues again for a big increase in domestic investment to increase income and growth here."

Leon E. Panetta, the designated budget director, Senator Lloyd Bentsen, designated treasury secretary, and Robert B. Reich, designated labor secretary, all questioned the economic panel on how much and how long any stimulus should last.

Mr. Bentsen, repeating a theme he began developing Monday in response to academic suggestions of increased international coordination, said the United States had to "reinvigorate the Group of Seven to try to work out a monetary policy that will avoid recession in Europe and this country."

Mr. Clinton revealed his awareness of the problem in the folksy language he often prefers. After listening to three distinguished academics offer gloomy outlooks for the world economy in the short term, the present political and monetary disarray in Western Europe, and the prospects for economic reform in Eastern Europe, Mr. Clinton said:

"If we don't devote sufficient time to all these issues, when the wheel runs off the road we may be consumed with these matters so that we can't do anything we were elected to do."

They also engaged in some thinking out loud about the dollar,

with businessmen and Mr. Clinton recalling the high-interest, strong-dollar policy of the first half of the 1980s, which Mr. Clinton blamed on the Reagan administration's need to finance the government's deficit at the cost of damaging foreign markets for American exporters. He said that made the idea of a cheap dollar as an aid to exporters an attractive but not permanent policy option.

Statements by labor and management representatives were less even-handed. Union leaders complained that their members had suffered in global reconstruction of industry, while several business spokesmen spoke up for their own industries — the head of Lockheed for "a level playing field" against the European Airbus, which he attacked for its subsidies; a cable television entrepreneur for easier entry into Continental Europe, and the spokesman for a toy company

for continued tariff preferences for its Chinese suppliers.

■ **Health Care a Priority**

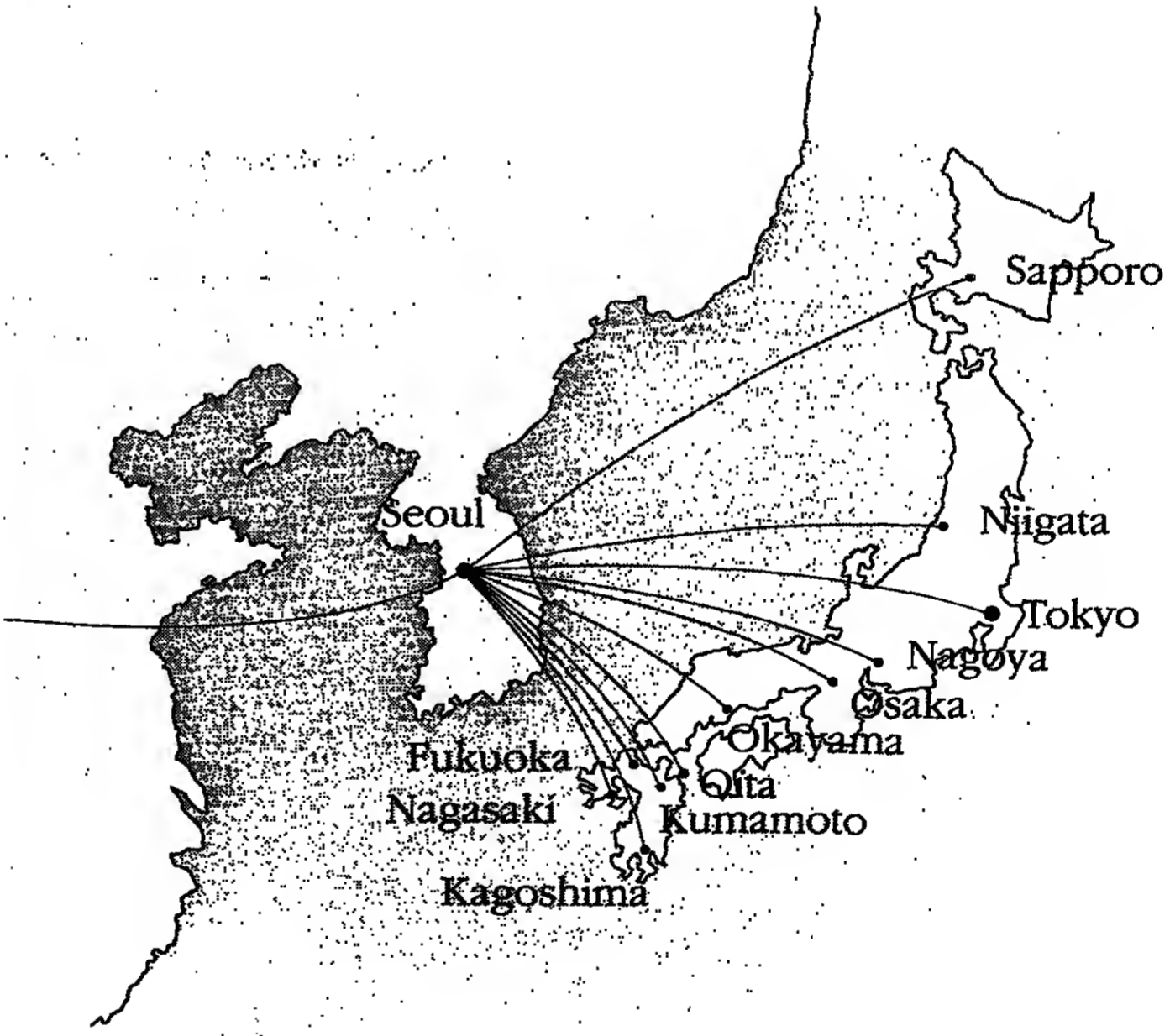
Mr. Clinton also said Tuesday that his administration could not seriously attack the federal budget deficit or make much progress in reviving the economy without getting health care costs under control. The Associated Press reported.

Mr. Clinton, repeatedly pounding his fist on the table, said that the amounts of stimulus being discussed were small in comparison to the enormity of other problems such as rising health care costs.

"We are kidding each other," he said. "We are all just sitting here making this up if we think we can fiddle around with entitlements and all this other stuff and get control of this budget if we don't do something on health care."

"It is a joke. It is going to bankrupt the country."

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AMERICAN TOPICS
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Diversity? Employers Count the Ways
By Lena Williams
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Hanoi Presses U.S. To Drop Sanctions

Compiled by Our Staff From Dispatches
HANOI — Vietnamese officials have welcomed a U.S. decision to ease an embargo by allowing American companies to set up offices in Vietnam, but they urged Washington on Tuesday to lift sanctions and normalize ties with Hanoi.

"We welcome the news and it is an encouraging gesture, but the U.S. side must go further," said Ho Xuan Dich, head of a Vietnamese Foreign Ministry office helping U.S. experts resolve the fate of American servicemen missing from the Vietnam War.

"If the two sides normalize ties, it would create favorable conditions for solving the MIA issue," he said at the Hanoi airport before handing over military remains of Americans killed before the war ended in 1975.

The White House announced on Monday that American companies could now set up offices in Vietnam, hire staff and sign business contracts that would take effect if and when the embargo was lifted.

Some diplomats in Hanoi said the partial lifting of the embargo would result in a surge of foreign investment in the country, if only to forestall the Americans.

Le Bang, head of the ministry's America department, said Washington's move was a step in the right direction for Vietnam and the United States, which have no diplomatic ties.

But he added: "It is a little bit puzzling to the Vietnamese companies because if they are going to sign contracts with the American companies and wait an indefinite time for those contracts to take effect, it will be discouraging."

Another Vietnamese official said that Hanoi, as well as American and other businessmen, wanted the embargo lifted completely.

"Every step now is moving forward and is significant," he said. But he added: "It's not over yet. This is emotional."

American and foreign businessmen as well as ordinary Vietnamese welcomed the news that Washington had eased the embargo.

"I'm excited that finally American firms will be able to be competitive with firms from other countries," said Eugene Matthews, an American businessman living in Hanoi.

Former Prime Minister Bob Hawke of Australia, who was in Hanoi heading a foreign business delegation, said the U.S. move was a welcome step toward lifting the embargo.

He said the United States seemed to have recognized what other nations already acknowledged: that Vietnam was helping the UN peace plan in Cambodia and cooperating on the MIA issue.

Washington has made cooperation in those areas conditions for lifting the embargo and normalizing relations with Hanoi.

The United States imposed the embargo on Hanoi in 1964 and extended it to a reunified Vietnam in April 1975, after the Communist victory over the U.S.-backed government in Saigon.

Mr. Matthews, the president of Ashta International, a U.S.-based investment and consulting firm, said that at least 100 big American companies had been to Vietnam this year. He expected some to move quickly to sign contracts.

(Reuters, AFP)



BUILDING ANEW — A woman carrying a plank to help build a shelter after the earthquake Saturday destroyed her home in the Indonesian coastal town of Mammeri, one of the worst-hit areas. The army began mass burials for some of the nearly 2,500 who died in the quake and tidal waves that swept hundreds out to sea on Flores and two nearby islands in East Nusa Tenggara Province.

Andy Kirk Dies at 94, Led Clouds of Joy Big Band

New York Times Service
NEW YORK — Andy Kirk, 94, one of the last surviving orchestra leaders from the big-band era, died Friday at his home in Harlem. He had Alzheimer's disease.

Mr. Kirk was a contemporary of Duke Ellington, Count Basie, Fletcher Henderson and Jimmy Lunceford. Although his Clouds of Joy never reached the fame of those bands, he ran one of the best orchestras in jazz, a band with sophisticated soloists, intelligent arrangements and the Kansas City sound.

Mr. Kirk was born in Newport, Kentucky, in 1898 and grew up in Denver. By 1927, he had quit his job in the post office and joined Terrence (D) Holder's band, the Dark Clouds of Joy, in Dallas. After the band broke up, Mr. Kirk took over its remnants, changed the name and secured work in Oklahoma City.

There he was heard by the band leader George E. Lee, who offered the band work in the rich entertainment world of Kansas City. Mr. Kirk and the band relocated there. In 1936, Mr. Kirk's band had a hit with "Until the Real Thing Comes Along," cementing its status as an attraction. Mr. Kirk had a fine ear for musicians, and before his band broke up in 1948, he had used the talents of Charlie Parker, Claude (Fiddler) Williams, Dick Wilson, Fats Navarro, Thelonious Monk, Howard McGhee, Don Byas, Ben Webster, Lester Young and many more.

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Ellis G. Arnall, 85, former Governor of Georgia
NEW YORK (NYT) — Ellis G. Arnall, 85, who sliced through red tape and Southern tradition as governor of Georgia from 1943 to 1947, died of pneumonia Sunday in Atlanta.

A Democrat, Mr. Arnall compiled a progressive record in his term as governor. He won a fight to abolish the 51-year poll tax as a voting requirement, lowered the voting age to 18 and took his case for fair freight rates in the South to the U.S. Supreme Court. He was elected governor when he was 35 and was considered the boy wonder of Georgia politics.

Laboring Hard At an Apology

Reuters
TOKYO — Labor Minister Masakuni Murakami made apologies of a sort on Tuesday for criticizing foreigners' work habits, saying he had been misunderstood.

According to Kyodo news agency, he told reporters on Monday: "Foreigners do not work. That is why they are economically being left far behind Japan and Germany."

At a news conference Tuesday, Mr. Murakami said: "I wanted to say that economic development by resource-poor Japan was due to diligence."

A Last Republican Hurrah in Beijing Stirs a Fuss

By Daniel Southerland and R. Jeffrey Smith
 Washington Post Service
WASHINGTON — Commerce Secretary Barbara H. Franklin will begin a four-day trip to Beijing on Wednesday amid dispute involving the members of her delegation and two impending sales of U.S. technology to China.

The announced goal of Ms. Franklin's trip is to advance U.S. business relations with China, but the trip has raised eyebrows among some because it comes less than seven weeks before key decisions will be turned over to Bill Clinton when he is inaugurated as president.

A Commerce Department official said that 16 officials were traveling on Ms. Franklin's plane, including nine political appointees, and that they would be joined by 11 more political appointees who went ahead of the secretary to Beijing.

A Commerce Department spokesman, Mark Miner, said: "For security reasons, we traditionally have not released the names of U.S. government delegation members."

Mr. Miner said delegation members come from the Com-

merce and State departments, the office of the U.S. trade representative and the National Security Council staff and would be engaged in several high-level meetings.

Senator Jesse Helms of North Carolina, the senior Republican on the Foreign Relations Committee and a strong critic of the Bush administration's China policy, suggested that the Republican National Committee rather than U.S. taxpayers pay for Ms. Franklin's trip.

Ms. Franklin had planned to announce a U.S. decision to approve the first export of a supercomputer to China during her visit, but the administration deferred a decision after an internal dispute that pitted officials worried about its potential military use against those eager to improve U.S. trade.

U.S. officials said last week that the Bush administration also planned to allow a sale to the Chinese military of U.S. technology that China needs for jet engines to power its own training aircraft and for a ground-attack bomber that China intends to export to Pakistan.

The proposed sale of the engine technology provoked protests at the Defense Department, where some analysts

said the jet engines and related gear could be used to power Chinese cruise missiles.

An aide to Mr. Helms said that the national security adviser, Brent Scowcroft, assured the senator that neither the supercomputer nor the jet engine technology would be exported to China during Ms. Franklin's visit.

Clinton on China's Trade Status
 President-elect Bill Clinton says he does not think it will be necessary to revoke most-favored-nation trading status for China if it continues to make progress on human rights and other issues, Reuters reported from Little Rock.

"I don't think we'll have to revoke the MFN status," Mr. Clinton told his national economic conference Monday. "If we can achieve continued progress along these lines."

He said the Chinese had agreed recently to stop exporting products made by prison labor to the United States, and to open Chinese markets to some American products, after the Bush administration finally agreed to put a little heat on the Chinese.

Burma Hints at Trial For Dissident Leader

By Philip Shenon
 New York Times Service
RANGOON, Burma — Daw Aung San Suu Kyi, the Burmese dissident who won the 1991 Nobel Peace Prize and who has been under house arrest here for more than three years, is not in a hunger strike, and she may yet face a criminal trial, the government said.

"We can put her on trial anytime we like because we have lots of evidence which can be used against her," said Colonel Ye Htut, a spokesman for the junta that controls Burma.

He said that the government had resisted a criminal trial until now because Daw Aung San Suu Kyi, who was placed under house arrest in 1989 as she campaigned to bring democracy to her homeland, is the daughter of the country's assassinated independence leader, Aung San.

"Since she is the daughter of our national leader, our beloved leader, we will not put her on trial at this time," Colonel Ye Htut said, noting that Daw Aung San Suu Kyi was being held under house arrest on charges of "disturbing the peace."

Asked whether she would be put on trial in the future, he said, "It depends on her."

In a meeting on Monday in Rangoon, the capital, eight senior government spokesmen offered the junta's most detailed account in more than a year of the conditions of Daw Aung San Suu Kyi's house arrest.

The spokesmen disputed assertions by her husband that Daw Aung San Suu Kyi was refusing to accept food as a protest over her imprisonment in her family's lakeside compound in Rangoon.

"She is not on a hunger strike, and her health is good," said Lieutenant Colonel Kyaw Win, deputy director of Burma's Directorate of Defense Services Intelligence.

Her husband, Michael Aris, an Oxford University scholar who last visited his wife in August, said last month that Daw Aung San Suu Kyi had decided not to accept any more assistance from family, friends and the junta, including food, to protest her confinement.

"She is facing a situation where she is running out of food and money," Mr. Aris said.

Colonel Ye Htut described Mr. Aris' account of his wife's situation as "completely incorrect."

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ISRAEL: Soldier's Body Is Found

(Continued from page 1)

Repeated attempts on Tuesday to find out from Israeli officials why Mr. Shriteh had been detained were unavailing. Uri Dromi, director of the Government Press Office, which had issued official credentials to the Palestinian reporter, said he also had not been told the reason for the arrest.

Mr. Shriteh, a leading journalist in Gaza, was held for 38 days last year for sending faxes of Hamas leaflets to Reuters, leading to army charges that he had kept a fax machine illegally and had "given aid to an enemy organization." Most of his time under arrest was spent in solitary confinement.

Human Rights Watch, a New York-based group, sent a letter on Tuesday to Prime Minister Yitzhak Rabin, expressing its concern for Mr. Shriteh's well-being.

It was not clear if the mass Hamas arrests involved specific suspects or was instead a general roundup of people who may not be held for long. In addition to the arrests, Gaza and the West Bank have been closed for the last two days.

Discussing the Hamas roundup in the Knesset on Tuesday, Mr. Rabin pledged that his government would continue to "strike unmercifully" against the group but would not be goaded into giving up on the peace negotiations under way in Washington.

The prime minister was clearly on the defensive, for the recent explosion of violence has undermined his election promise last spring to guide Israel toward a peace agreement while preserving Israel's security. He has come under withering attacks from rightist opponents for having made concessions to the Palestinians that, in their view, make Israel look weak and vulnerable to still more violence.

"This terrorism reflects the national and religious Arab fanaticism to exterminate us, to murder Israelis and murder the entire Zionist idea," said Benjamin Netanyahu, the presumed front-runner to become the Likud party's next leader.

Syria Ends Visas For Exiting Jews

NEW YORK — Syria has stopped issuing exit visas to Jews leaving the Arab country, sources close to the emigration movement say. The sources said that the Syrians allowed about 75 percent of the country's 4,000 Jews to leave since April but stopped issuing visas about two months ago.

A U.S. State Department official confirmed that Syria had stopped issuing visas and said that the matter had been raised at "the highest levels." She added that Syria denied any change in policy.

The sources said they believed the visas were stopped because Syria might be seeking a bargaining chip in its dealings with the incoming Clinton administration.

WRECK: Scramble for Souvenirs

(Continued from page 1)

and Exploration, which carried out the expedition with a manned minisubmarine, Titanic Ventures agreed not to sell any artifacts brought up from the wreck, but it can organize exhibitions and charge an entry fee. Individual owners, though, will be allowed to sell any items they now recover.

Mr. Josselin nonetheless anticipated conflicting claims of ownership.

Identifying ownership will be difficult. Four tie pins carry the initials "R.L.B.," some leather goods identify where in London and Paris they were acquired and numerous bottles display the names of the oils, dyes and lotions they once carried, but invariably there is no hint of ownership.

Indeed, while some of the jewelry may have more intrinsic value, the items' principal worth is simply that they come from the Titanic and, as such, may interest collectors.

"What most struck me," Mr. Josselin said, "is that in such a long list of day-to-day objects, there was nothing made of plastic. That, if nothing else, shows how much times have changed."

Snapshots of Mogadishu: At Least One Touch of Normality

By Donatella Lorch
New York Times Service

MOGADISHU, Somalia — Idriss Hassan received his last paycheck three years ago. Still, every day from 7 A.M. until 3 P.M., he works as a traffic policeman, guiding cars, camels, trucks, and people through one of Mogadishu's trickiest intersections.

It is not only a difficult task but, in a city without any form of government, electricity, or phones, it is an unusual touch of normality.

The traffic light has been dead for more than a year, and the intersection, on a main avenue about a mile from the U.S. Embassy compound, is more like a bumper-car arena. Dented mini-vans, their headlights, windshields, windows, and doors missing, aggressively inch their way in between pickup trucks so loaded with passengers that some ride sitting on the hood and the roof. Adding to the mix are the newly-arrived Humvees and other American military vehicles.

More often than not, the din of car horns drowns Mr. Hassan's shrill whistle. But it is a job that he does with pride.

"I do it for my country and because I love being a policeman," he said.

There were once more than 200 traffic policemen in Mogadishu. Now there are only a handful, said Mr. Hassan, a slim 55-year-old who has spent 30 years in

the traffic police and works at the intersection with four of his friends.

Other former policemen want to come back to work, but they do not have uniforms. All that is left of Mr. Hassan's original uniform is the blue beret, the epaulettes, and his whistle. He had to make himself new khaki trousers, and he sewed his own white shirt.

Tears welled in Mr. Hassan's eyes when he recounted what he once had.

"I had beautiful white gloves that I used to direct the traffic," he said in fluent Italian-learned during colonial rule of this part of Somalia. "I had a shoulder holster and a gun and shiny black boots, and everyone respected me."

Since American troops arrived in Mogadishu last week, thousands of Somalis have gathered on the streets or perched in trees to stare at the passing soldiers. For the most part, they have been friendly and curious. But in this unpredictable city, this ton can change in an instant.

When a Somali woman got out of a jeep full of French soldiers on Monday outside a hotel where more than 100 foreign journalists are staying, the crowd of mostly men, angry at her for being with foreigners, reacted like wildfire. Shouting, they quickly surrounded her and threw her to the ground. Some men stomped and kicked her, while others tore off her clothes and hit her in the head with sticks.

She pulled out a knife and managed to stab one of her attackers before the weapon was wrestled away from her. Then the men dragged her by her hair into a nearby compound and they threw stones at passing photographers.

The attack was witnessed by journalists on the roof of the hotel, and French Foreign Legionnaires watched from the roof of another building. No one intervened.

Later jailed on charges of suspected prostitution, she faces trial before a religious court. Newspapers said that if convicted, she might be executed.

It was all over in 10 minutes. The crowd returned to soldier-watching.

Weapons may have mostly disappeared along the main avenues of Mogadishu, but they are highly visible at the Bakara market.

Patched together under rusty corrugated tin roofs and burlap-topped huts, the market stretches out along narrow, muddy lanes in the western part of the capital.

It is one of the busiest places in the city, and one of the roughest. Hundreds of Somalis meander through the chaotic, pickpocket-infested crowd accompanied by bodyguards toting M-16s and AK-47s. Armed men guarding the stalls and stores threatened to shoot looters, including Western ones. There is much dis-

trust of foreigners here, and the Somalis who were the most talkative with a Western visitor were the few people who hissed: "Be careful! Watch out!"

At a wheat store, the counter is used to prop up the owner's recalcitrant. Much of the wheat, rice, and flour in the stores has made its way to the market after being looted from the warehouses and convoys of foreign relief agencies trying to alleviate the suffering in the famine-stricken interior of the country.

The looting may have kept the Somali economy afloat, allowing the citizens of Mogadishu access to affordable food. But in the last couple of weeks, prices for basics have skyrocketed because supplies have dwindled.

Dates imported from Saudi Arabia cost the equivalent of \$1.80 a pound, sugar from China has tripled in price in the last week to \$3.60 a pound, and rice has doubled to 70 cents a pound.

Conversely, the price of weapons has plummeted since the Americans arrived and began (futile) efforts to collect arms from Somalis. An AK-47, the most popular assault rifle here, now fetches \$50, down from \$150 a week ago.

One of the biggest businesses is in Somali passports. For \$50, anyone can choose from stacks of green passports, complete with stamps and an empty plasticized square for a photograph.



A starving youth in a Baidoa feeding center on Tuesday was among many waiting for Western help to arrive.

SOMALIA: Signs Along the Way

(Continued from page 1)

relief workers say the daily death toll has been creeping back toward 100.

Securing the Baidoa airport is one of the troops' first goals. Although it has been open to relief flights for months, armed clansmen have looted the food convoys and terrorized aid organizations in town. Some gunmen have exacted thousands of dollars in landing fees from the aid planes, while the local police, who recently materialized, have been charging reporters a variety of "registration fees."

After the Marines take control of the airfield, letting relief flights in unimpeded, they plan to fan out to the surrounding town to begin securing food convoy routes.

President George Bush's special envoy to Somalia, Robert B. Oakley, met with relief workers and clan leaders in Baidoa on Tuesday, and told the relief agencies that the military would explain to them on Wednesday how the relief effort would work.

"We're not expecting any real opposition," said Captain Robert Castellvi, the commander of the unit that will lead the ground convoy into Baidoa.

Thirty kilometers outside Mogadishu on the way to Bali Dogle, long green rows of corn sprouted from reddish-brown soil on either side of the road. A middle-aged man and woman were seen tilling the soil with short hoes. Mango trees, banana palms and tomato vines grew in other fields.

On a footpath next to the roadway, men armed with switches and automatic rifles herded hundreds of meandering camels toward the market in Mogadishu.

"People out here live a lot better than in the city," said Corporal Patrick Haley, 24, a sniper observer from Houston. "These people aren't skinny. They seem healthy."

But there were also signs of poverty, and that of the chaos brought by the two years of civil war.

Power poles stood naked on the roadside, their cables long since stolen for their copper. At hamlets along the route, residents sat in ramshackle twig huts, some roofed with corrugated metal.

"I'm glad some of these people aren't that badly off," said Gunnery Sergeant Arthur Torres, 36, of San Diego, motioning to workers in the fields.

"But help's here for a lot of other people, and that's what we're going to be doing."

CLINTON: An Experiment in Political Education

(Continued from page 1)

in which each student tries to make a bet point, with no one putting it all together or paying attention to what the last person said.

No one it seemed to bother Mr. Clinton, probably because this conference for him was not just a discussion of economics. It also was a matter of politics. What Mr. Clinton wanted most out of it, aides said, was not a report on the state of the economy, not an agreement on a specific economic recovery plan. He basically knows what he is going to do already.

He was trying to create a political mood — a nationwide consensus that the economy is in a structural decline. He also seemed to be trying to persuade Americans that their president-elect was working on it, but that no one should expect a quick fix.

"Just think of the ripple effect," said his communications director, George Stephanopoulos. "Even people just scanning channels will see their president-elect working on the problem they care most about. Let alone the people watching all day. And the people here will go back and talk about the issues we're talking about."

At its best — and that was only in spurts — the conference was educational. At one point, Mr. Clinton exotically translated a detailed presentation on health-care costs by Stuart Altman, a professor at Brandeis University, in a few brief sentences.

"I just want to reinforce the point he made," Mr. Clinton said, "so that you get some sense of what an incredible downward spiral we're in. Because more costs keep being shifted to the private sector."

BUSH: President Sets Forth Foreign Policy Doctrine

(Continued from page 1)

should consider using military force only in those situations where the stakes warrant, where it can be effective, and its application limited in scope and time.

"As we seek to save lives, we must always be mindful of the lives that we may have to put at risk."

The speech is one of a few Mr. Bush plans to make in the waning days of his presidency that he evidently hopes will define his view of

RUSSIA: Unfinished Business

(Continued from page 1)

named fuel and energy minister in May, the appointment was interpreted as a victory for the industrial lobby. He had served in the same position under the Soviet president, Mikhail S. Gorbachev, and was clearly a consummate insider. But he called for the liberalization of energy prices, a step that the Gaidar government never dared to take.

The change of prime minister is likely to lead to a shake-up in the Russian political scene, with Mr. Yeltsin no longer able to rely on the weakened democratic camp as his political base. Several radical legislators who had supported Mr. Gaidar accused the president of a sell-out and said that they would now go into opposition.

"This is the end of the Gaidar era," said Anatoli Shabad, a member of the Democratic Russia group. "It will lead to a further destruction of the economy and possibly even the breakup of Russia. Many democrats will be unable to support Mr. Yeltsin after this."

IBM: Research Budget Slashed Amid 25,000 Job Cuts

(Continued from page 1)

by Japan, were "softening" although there remained "some ebullience, and that's China."

Europe is expected to bear a big share of the cuts. An IBM spokesman said about half of the 25,000 cuts would take place in the United States, where IBM has 158,000 of its 300,000 employees, while most of the rest would take place in Europe, where IBM has about 100,000 employees.

The \$6 billion charge against earnings in this quarter was far larger than analysts had expected.

Mr. Metz said the company expected to break even this quarter but could not promise better times for 1993 even if the U.S. economy continued to hold up.

Among those expressing concern at the analysts' meeting were representatives of the Ford Foundation, which like many trusts and other funds holds big blocks of IBM stock and has not moved quickly enough to dump it as its value fell by half in the past 18 months.

Moody's Investors Service said that it might cut IBM's bond rating again. In March, it was lowered

two notches, from Aaa to Aa2.

An associate director at Moody's, Alfred Pastore, said, "The reason IBM is under review is that it seems to be in a free-fall."

He added that IBM was unable to cut costs fast enough to keep pace with shrinking sales volume, stabilize its business position and improve its market share.

Last year, IBM had a record loss of \$2.82 billion, on revenue of \$64.7 billion. For the first nine months of this year, it reported net income of \$498 million, on sales of \$44.96 billion.

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Kremlin Chief: A Manager With a Good Record

By Steven Erlanger
New York Times Service

MOSCOW — Viktor S. Chernomyrdin, Russia's new prime minister, has had a long and successful career as a manager and cabinet minister in charge of the country's huge gas and energy complex.

What was striking was how few of the legislators who voted for him know much about him. But many said they knew the type: a strong, experienced administrator who ran a vital industry with wide international contacts, but who was no Communist Party hack.

Mr. Chernomyrdin had been brought into the cabinet of Acting Prime Minister Yegor T. Gaidar at the end of May with two other industrialists.

Their inclusion was an attempt to broaden Mr. Gaidar's government of young, Westernized economists and appease outraged managers of state enterprises, who were struggling with the end of a centralized, command economy and the collapse of the Soviet Union.

But Mr. Chernomyrdin's appointment as a deputy prime minister for fuel and energy was based on competence and caused no controversy. He replaced a Gaidar friend, Vladimir Lopukhin, who was acknowledged to have been a failure in the job.

Mr. Chernomyrdin, 54, is widely considered "to have worked hard in the government, and with no political ambitions," Nikolai Vorontsov, a pro-change legislator and former environment minister, said on Monday.

Mr. Gaidar himself was generous in his comments.

"I treat him with respect," he said of his successor. "He sees the priorities of reforms in a slightly different way. But on the whole, Chernomyrdin wants reforms to be carried on. This is why I'm not an out-and-out pessimist about everything we have accomplished being in vain."

The changes, he added, "have a great momentum of their own, and it is very difficult to reverse them."

Mr. Chernomyrdin tried to calm nervousness about the future of Russian economic change by asking members of the Gaidar cabinet to stay on, at least for now, and restating his support for "a market-oriented economy."

But in his first interview as prime minister, with the Itar-Tass press agency, and in a statement thanking the Congress of People's Deputies, he gave a clear sign that his "priorities of reforms" would be different and would concentrate on trying to reverse the fall in industrial production, which is down about 25 percent from a year ago.

"No reform will work if we destroy industry completely," he said. "We should switch to another stage — pay serious attention to production. This will enable us to do more for agriculture, for boosting output. We will rely on basic, key industries, that will help revive the rest."

As Mr. Gaidar fought to prevent a continuing and inflationary flow of central bank credits to Russia's struggling factories, he insisted that it was "impossible to produce our way out of crisis" by making goods that no one wanted to buy.

But Mr. Chernomyrdin is expected by Russian lawmakers, Western diplomats and economists to keep the credit tap

open, which may risk turning the already dangerous 25 to 30 percent monthly inflation into something close to hyperinflation, or 50 percent a month, by spring.

Mr. Chernomyrdin said Monday that his main task was "to deepen reform, but without impoverishing our people."

His statements implied further efforts to strengthen the social safety net, slowing the rise in unemployment, and continuing to raise pensions and salaries in line with inflation. Such policies will inevitably create a bigger deficit, which when added to new credits, is likely to further delay already fading Western hopes for economic stabilization.

But if Mr. Chernomyrdin can help export industries like gas, oil and timber, and crack down on illegal exports, he may begin to bring in the hard currency Russia needs for crucial imports and to support the ruble.

Viktor Stepanovich Chernomyrdin was born in 1938 in a village in the Orenburg region of Russia, worked as a compressor operator, and graduated from a technical institute through correspondence courses. He next became a machine operator at an oil refinery, and, from 1967 to 1973, worked in the industrial department of the Orsk city Communist Party. He moved into the gas industry and served as an instructor in the party's Central Committee from 1978 to 1982.

That year, he was made deputy minister of the gas industry, and, in 1985, when Mikhail S. Gorbachev came to power, he became a minister. In 1989, he turned his ministry into the first state corporate complex, Gazprom, and was its chairman before joining the Gaidar government in May 1992.



Prime Minister Viktor S. Chernomyrdin at his press conference Tuesday. He restated support for "a market-oriented economy."

Marching Band Walks Off With Booty in Japan

The Associated Press

TOKYO — Members of the Texas Southern University marching band stole more than \$22,000 of electronics products on a trip to Japan — and returned most items when the police threatened to let the band leave the country, officials said Tuesday.

The band was in Tokyo to play at a football game between two U.S. colleges Dec. 6.

A police spokesman said that before their return to the United States, the 126 band members were taken in buses on a shopping trip to an area with many electronics shops.

Store employees saw members stealing products and chased them, but the Americans returned to their buses, the spokesman said.

Shopkeepers could not identify the thieves since the band members were wearing uniforms.

The police told band members that unless the stolen products were returned, the buses would not be permitted to leave.

About 100 items were given back, but about \$3,500 of goods were not returned.

A spokesman for the Japanese organizer of the game said that officials had received money for the unreturned products from Texas Southern.

With Oil and West's Appeals in Mind, Tokyo Plans Aid for Central Asia

By Steven Brill
International Herald Tribune

TOKYO — Japan, hamstrung politically in responding to growing Western demands to give assistance to Russia, is laying the groundwork to become the leading donor to the five Central Asian republics of the former Soviet Union.

The aid, which could begin flowing next year and eventually become substantial, is aimed chiefly at supporting the transition of those states from centrally planned to market economies.

Tokyo wants to help stabilize a region where an ascent of Islamic fundamentalism could create disturbances affecting oil shipments from the Gulf, Japan's main source of supply, officials said.

But Japanese aid to the republics — Kazakhstan, Turkmenistan, Uzbekistan, Kyrgyzstan and Tajikistan — also provides a way to satisfy growing Western pressure to share the burden of aiding states that have spun out of the Russian orbit.

Officials say President Boris N. Yeltsin's cancellation in September of a visit to negotiate the two nations' long-standing territorial dispute hardened attitudes in the governing Liberal Democratic Party, and quashed hopes held in some quarters of stepping up aid to Moscow.

"It's the pragmatic way to assist

Russia," said Dennis Yasutomo, a visiting scholar at the Ministry of Finance and an associate professor at Smith College in Northampton, Massachusetts.

Giving aid to the republics also underscores Tokyo's growing ability in the post-Cold war era to adopt more independent and strategic policies.

"They're taking real leadership in central Asia," said Robert Orr, director of the Institute for Pacific Rim Studies of Temple University in Japan. "They intend to be the major player," he said. The United States and the European nations, he added, lack the means or determination to aid the region as much.

Japan's official development assistance budget is the world's largest, and it is expected to grow by 5 percent, to about 1 trillion yen, or \$8.06 billion, in the fiscal year beginning next April. Although Tokyo coordinates its aid with Western-dominated institutions, its policies have assumed greater independence, especially in Asia, a region it sees as its natural sphere of influence.

Japan began exploring its interest in the central Asia republics in May, when Foreign Minister Michio Watanabe visited the region. A high-level Finance Ministry delegation toured in October.

Although the central Asian republics straddle the crossroads between Asia and the Middle East, from China in the northeast to Iran in the southwest, officials returned from the region impressed by the cultural affinities. "They look like Asians and they think like Asians," a senior Finance Ministry official said.

Japan's strategy appears loosely coordinated, with different ministries pursuing separate agendas

and the Foreign Ministry in the lead. But the nation has nonetheless taken a series of steps that set the stage for becoming the dominant aid donor to the region.

A key decision came earlier this month, when Japan overcame French and U.S. opposition to put the five republics on the development assistance country list of the Organization for Economic Co-

operation and Development. The list, which serves as a guide to which countries should benefit from aid, is crucial to getting major Japanese support because it allows Tokyo's assistance to be defined as development aid.

Tokyo has also been leading a drive to admit the republics to the Asian Development Bank, even though they are already members

of the European Bank for Reconstruction and Development. There is no precedent for states belonging to more than one regional development bank.

Japan also plans to open embassies in Kazakhstan and Uzbekistan next month to help gather information and develop projects that can use Japanese aid. But Japan still faces a serious lack of regional ex-

perts and a paucity of diplomats conversant in Turkish and related dialects.

Japan will get help from Turkey, which is vying with Iran for regional influence. Prime Minister Suleyman Demirel of Turkey visited Tokyo last week and asked Prime Minister Kiichi Miyazawa to assist setting up a bank to provide development funds to the region.

The Hague Appoints New EC Commissioner

Reuters

THE HAGUE — Foreign Minister Hans van den Broek of the Netherlands will succeed Frans Andriessen as the Dutch European commissioner, effective Jan. 2, the government said Tuesday.

Prime Minister Ruud Lubbers told the States-General, or parliament, that the Netherlands had offered the EC Commission its best candidate in view of the current problems within the European Community.

"It is important, considering the phase Europe is going through with all its worrying aspects, that the best possible could be expected of the Netherlands," Mr. Lubbers said.

Mr. Andriessen, the longest-serving member of the European Community's executive commission and the second most senior official in Brussels after Jacques Delors, president of the commission, asked not to be reappointed, the Dutch Foreign Ministry said.

Mr. Van den Broek will be succeeded by Pieter Kooijmans, 59, a law professor.

Mr. Van den Broek, 56, a Christian Democrat who became foreign minister in 1982, is the longest serving member of Mr. Lubbers's center-left cabinet.

In submitting his resignation, he said that he was determined to work for closer European ties.

An articulate advocate of the federalist approach to European integration, he is seen as one of the

main architects of the Maastricht Treaty on European Union.

Politicians and diplomats said his appointment was a surprise and that it throws into question the future of Mr. Lubbers, who is widely seen as the front-runner to succeed Mr. Delors as president of the commission.

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Herald Tribune

Caution Makes Sense

The American-led intervention in Somalia proceeds with an evident measure of caution. Impatient voices can be heard...

Opportunity for Bush

George Bush can secure a place in history as the president whose diplomacy ended, at long last, the nuclear arms race. One crucial piece of the puzzle eludes him...

Discussing Economics

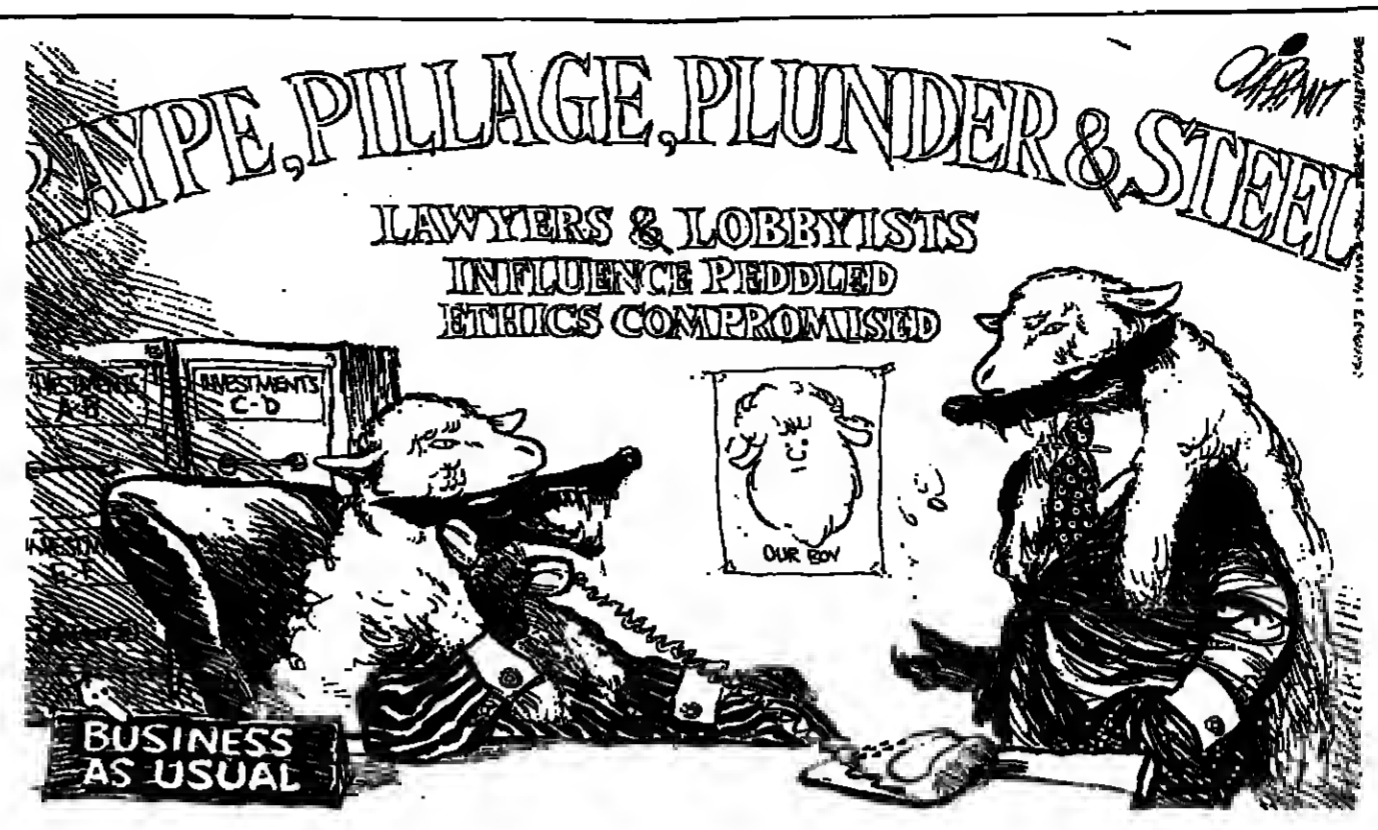
One of the things new presidents do is change the terms of national debate. That is part of what Bill Clinton was attempting on Monday at the national televised economic conference...

security-for-relief and to disarm all the gunmen and deliver a quiet country to international political and developmental rehabilitation. It is a bit artificial to distinguish between a U.S. relief mission and a UN rehabilitation mission...

which would be expensive, or destroying the warheads and providing for intrusive inspections, which would cost a lot less. Second, Russia would like to deploy single-warhead missiles in the silos that now house its mammoth 10-warhead SS-18 missiles. That would be acceptable as long as Moscow destroyed the SS-18s or altered the silos to make them incapable of launching the SS-18 — both relatively cheap fixes.

business's lead and "draw a distinction between borrowing money for investment in our future and borrowing money to pay for [current] costs." The answer, if this means creating a separate "investment budget" that would not count against the deficit in the same way as the rest of the budget, is surely no. Every federal expenditure would suddenly become an "investment"...

Other Comment
The Yeltsin Difference
Through all the turmoil of Russian politics, the crucial question for the West remains to what extent Boris Yeltsin and his policies can and should be supported.



Clinton's Team: The Fray Will Be Interesting

WASHINGTON — There is an oddball quality to Bill Clinton's first round of cabinet and White House appointments that suggests that the new president will be kept busy refereeing fights within his administration. That may be exactly what he wants.

By David S. Broder
Harvard University's Robert Reich, whose economic theories have influenced Mr. Clinton greatly, seemed a natural for a top White House policy job. But instead he winds up as secretary of labor — an operating position traditionally reserved in Democratic administrations for a pal of the unions...

The disposition of the agriculture, interior and education secretariats — three other departments often run by their constituency interest groups — may tell which pattern will prevail. In some areas Mr. Clinton has been extremely conventional. Senator Lloyd Bentsen of Texas, a gray-haired model of caution and calm judgment, is a treasury secretary right out of Central Casting...

Promoting Special Interests Is the American Way

NEW YORK — President-elect Bill Clinton is stuffing his cabinet with people who represent powerful special interests. The new treasury secretary is a friend of the oil and gas industries. The new secretary of commerce has represented a fat bank account worth of business lobbies, American and foreign.

By A. M. Rosenthal
I am in favor of generosity to the cities. As a Jew, I fight racial or religious prejudice as hard as I can. As a newspaperman I am almost a First Amendment absolutist — almost. Also, I like low postal rates for newspapers. I am anti-Communist and anti-fascist. I do not believe in news and an scornful of non.

morely to submerge their past interests live up to the rules. Two? If they don't, they get thrown out. In journalism, columnists and editorial writers openly express opinions and try to influence people. But reporters and news editors working for nonpolitical publications or stations are honor bound to put aside their own special interests.

Seven Ways for Americans to Take Japan Seriously

TOKYO — As the first U.S. president born after World War II and the first elected after the end of the Cold War, Bill Clinton faces the challenge of transforming a deteriorating asymmetric and unbalanced relationship with Japan into one that is genuinely equal, constructive and benefiting the 1990s and beyond.

By Glen S. Fukushima
U.S. policy has since 1945, that Japan's economy will automatically come to resemble America's. Also, Mr. Clinton, the Sony chairman, asserts that Japanese companies expand market share through cutthroat pricing, underpaying and overworking their employees, paying meager dividends to shareholders, neglecting the environment and making insufficient philanthropic contributions.

cepts outlined above, the Clinton administration has a golden opportunity to create a new and constructive U.S.-Japanese relationship as it prepares America for the 21st century. The writer, an American businessman based in Tokyo, directed Japanese affairs at the office of the U.S. trade representative from 1985 to 1989, and has participated in President-elect Bill Clinton's economic summit in Little Rock, Arkansas. He contributed this comment to the Los Angeles Times.

In Russia, A Mistaken Therapy

By David M. Kotz
NORTHAMPTON, Massachusetts — If the ouster of Russia's acting prime minister, Yegor Gaidar, on Monday means an end to the "shock therapy" experiment, the West should have no regrets.

The radical economic changes had many supporters in Russia and the West when they were started in January. But a policy must be judged on its record, and the Russian plan's record has been dismal. The sudden freeing of nearly all prices, wholesale cutbacks in public spending, strict limits on monetary growth and rapid privatization of state enterprises made up the core of "shock therapy."

These include measures to revive industrial production while seeking control of inflation, government efforts to increase investment in industry and infrastructure and a more deliberate pace of privatization to enable viable state enterprises to revamp themselves while encouraging the growth of new private companies.

1892: Canada Is Offended
PARIS — Canada is angry with the United States — not for the first time. It is "only pretty funny's way" as the song says. Now she is very wroth. It seems President Harrison offended when he referred to the "unfriendly" attitude adopted by Canada on tariffs.

1917: Italy's Message
ROME — On the occasion of the declaration of war by the United States on Austria-Hungary the King of Italy sent this telegram to President Wilson: "The United States has established itself firmly on the side of right, and its entry [into the war] will assure victory. The Italian nation threw itself into struggle in the name of its superior ideals of justice and for the realization of its legitimate aims. Italy has the greatest confidence in the unlimited power of the United States."

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OPINION

Clinton Should Be Ready For Future Yugoslavias

By Joseph S. Nye Jr.

CAMBRIDGE, Massachusetts — One of the major foreign policy challenges for the Clinton administration will be how to respond to the new tribalism — the demand of ethnic groups for self-government. Ethnic conflicts once suppressed during the Cold War are creating a type of war for which we are poorly prepared. Yugoslavia is a harbinger of things to come. Liberalism's traditional answer to ethnic nationalism was self-determination. It seemed self-evident that every people should have the right to rule itself; government should be by popular consent. If in doubt, let the people vote. Moreover, the right to self-determination is enshrined in the Charter of the United Nations. But the experience of Yugoslavia shows that the liberal principle of self-determination can lead to highly illiberal results. When homogeneous Slovenia wanted to secede, the answer was easy. Why should Slovenes be ruled from Belgrade? Under Germany's urging, the Western world applied the same reasoning to Croatia, but independence for Croatia turned Serbs in some districts into a minority who demanded a vote on secession rather than being ruled from Zagreb. And in Bosnia-Herzegovina, where Muslims, Serbs and Croats were often mixed together like a marble cake (rather than a layer cake), efforts to create homogeneous areas led to "ethnic cleansing." Simple-minded application of a liberal principle led to a fascist practice. Appeal to democratic voting does not solve such problems because it begs the question of where the vote will be held. Who decides what self will determine? Take Ireland, for example: If Irish people vote within the existing political boundaries, Protestants in Ulster will rule over Roman Catholics, but if the Irish vote within the geographical boundaries of the island, Ulster Protestants will be ruled by a Catholic majority. Whoever has the power to determine the boundaries of the vote has the power to determine the outcome. Moreover, one must consider the effects of a secession on the majority left behind. In 1938, Hitler used claims of self-determination for Sudeten Germans to strip Czechoslovakia of its mountain defenses. In the 1960s, bitter civil wars were fought in Africa to prevent Kalenjin secessionists from sipping Zaire of its copper and Biafrans from removing Nigeria's oil. It is not surprising that issues of secession are more often determined by bullets than ballots. These are not rare examples. Less than 10 percent of the 175 states in today's world are ethnically homogenous. Only half have one ethnic group that accounts for as much as 75 percent of their populations. Most of the republics of the former Soviet Union have significant minorities, and many have disputed borders. In Africa, a thousand ethnic and linguistic peoples are squeezed within and across some 50 states. Once such states are called into question, the prospects for ethnic cleansing and widespread violence are opened. A foreign policy of unqualified support for national self-determination could result in enormous world disorder. How then is it possible to preserve some order in traditional terms of the balance of power among sovereign states, while also moving toward an order based on justice among peoples? If every ethnic group is granted its own state, the prospects are slim. The answer must reside in greater international protection of human and minority rights. In retrospect, it would have been better to have conditioned recognition of the Yugoslav successor states on their adoption of constitutions guaranteeing human rights and accepting provision for international surveillance and mediation of the condition of minorities. International institutions are evolving in such a direction. Already in 1945, Articles 55 and 56 of the UN Charter pledged states to collective responsibility for observance of human rights and fundamental freedoms. Even before the Security Council resolutions authorizing postwar interventions in Iraq, UN recommendations of sanctions against apartheid in South Africa set a precedent of not being strictly limited by the charter's statements about sovereignty. In Europe, the 1975 Helsinki Accords codified minority rights, and violations can be referred to the European Conference on Security and Cooperation. Overall, individual and minority rights are increasingly treated as more than national concerns. Of course, in many parts of the world, such principles are resisted and violations go unpunished. A foreign policy of armed multilateral intervention to right all such wrongs would be another source of enormous disorder. But we should not think of intervention solely in military terms. Intervention is a matter of degree. Actions can range from statements and limited economic measures to full-fledged invasions. Limited interventions and multilateral restrictions of sovereignty in egregious cases need not disrupt international order. On a larger scale, the Security Council can act under Chapter 7 of the UN Charter if it determines that internal violence is likely to spill over into a more general threat to regional peace. The evolution of a new international order will be slow and imperfect — too slow to avert many tragedies that will be caused by the new tribalism. But as the new administration strives to cope with these problems, it should realize that too simple an application of self-determination could make things worse. The writer is director of Harvard's Center for International Affairs. He contributed this column to The Washington Post.



To Hell, Designer Polo Shirt and All

By Jonathan Yardley

WASHINGTON — Looking south toward Africa from the comforts of Lady Metroland's London luncheon party, Lord Copper of the Megalopolitan Newspaper Corp. discovers just what he is looking for: "a very promising little war" in the nation of Ishmaelia. "A microcosm as you might say of world drama," he says. "We propose to give it fullest publicity." Later, engaging the redoubtable William Boot to cover the war for his newspaper, the Beast, Lord Copper elaborates upon his African mission: "What the British public wants first, last and all the time is News. Remember that the Patriots are in the right and are going to win. The Beast stands by them four-square. But they must win quickly. The British public has no interest in a war which drags on indecisively. A few sharp victories, some conspicuous acts of bravery on the Patriot side, and a colorful entry into the capital. That is the Beast Policy for the war." Thus it goes in the pages of "Scoop," Evelyn Waugh's classic comic novel about journalists set loose in the African wild, and thus it goes even now in Somalia, where against the background of human suffering too ghastly to contemplate the American press and the American military are dancing a minuet more farcical than anything even the ingenious Mr. Waugh could have imagined. By the standards of both Lord Copper and the Pentagon, the military action in Somalia is an absolutely perfect little war. It provides maximum opportunity for heroic posturing at minimum risk to life, limb or self-righteousness. It provides an enemy, if "enemy" is indeed the word, far more interested in murdering his own defenseless countrymen than in

provoking America into serious military action. It provides ample opportunity for sharp victories and conspicuous acts of bravery, all conducive to colorful pictures. And it provides the ultimate in media satisfaction: the trappings of war without the actuality of war. Small wonder the Pentagon leaped so eagerly into the fray. By contrast with the ostentatious complexities and ambiguities

MEANWHILE

of Bosnia, Somalia is a cut-and-dried case of good against evil, a chance to continue the reconstruction of the Pentagon's image that has been under way since its monumental adventure in Grenada. Somewhere in the Pentagon there may be someone who sincerely believes the crisis in Somalia places demands on the American conscience too great and urgent to be ignored; everywhere in the Pentagon, people knew from the outset it offered what one television correspondent called "the world's biggest photo opportunity." So the military has played Somalia for all it's worth. In the annals of war comedy, a special niche must now be reserved for the pictures of U.S. Marines wading ashore at Mogadishu to find themselves confronted not with hostile fire but with the blinding lights of television cameras. The spectacle offered ample material for sermonizing by the various philosophers who rushed to take up residence in Somalia last week. The inoffensive Dan Rather of CBS called the scene "Hollywoodish, almost cartoonish." ABC's Ted

Koppel, television's idea of an intellectual, found it "Fellini-esque." It does not seem to have occurred to these eminecences that if the spectacle in Somalia looked like something out of a farce, it was precisely because they were on hand to make it so. Having dashed across the Atlantic in order to masquerade as working reporters, these 300-pound gorillas left the Pentagon little choice except to orchestrate a spectacle worthy of their presence. This the Pentagon most enthusiastically did, though to the process it made matters unnecessarily dicey for the marines. But the best spectacle was provided not by the poor soldiers who unwittingly found themselves in a situation for which nothing at Fort Bragg or Camp Pendleton had prepared them, it was provided by the 300-pound gorillas themselves, as they strutted and preened across the East African landscape. They recalled nothing so much as Evelyn Waugh's four French journalists, who come to Ishmaelia "dressed as though for the cinema camera in breeches, open shirts and brand new chocolate-colored riding boots cross-laced from top to bottom; each carried a bandolier of cartridges round his waist and a revolver-holster on his hip." Later, as the journalistic competition intensified, "Everyone now emulated the Frenchmen: sombretos, dungarees, jodhpurs, sunproof shirts and bullet-proof waistcoats, holsters, bandoliers, Newmarket boots, cutlasses." The costumes of the American journalists were rather less elaborate but not a scintilla less studied. Tom Brokaw appeared on NBC in a khaki shirt artfully opened nearly to the waist, revealing what gave every evidence of being a designer T-shirt; his hair was perhaps wind-blown, perhaps stylist-blown. Dan Rather 100 had opened his shirt — or maybe it was a jacket — to reveal a blue polo shirt, which by late in the week had itself opened to reveal an admirable expanse of hairy chest. Mr. Rather chose the moment to describe what he chose to call, with characteristic felicity of phrase, his "descent into hell." All of which made for a smashing show, which in the minds of those chiefly responsible for producing it was exactly the desired result. The Pentagon, it is bruited about, was subjected to a friendly takeover by public-relations forces while the rest of us were distracted by the Gulf War. It now routinely hands out oak-leaf clusters and fuchsia hearts for valor above and beyond the call in media placement and similarly dangerous assignments. The degree to which pictures from Somalia oow monopolize the television news exceeds even the most extravagant dreams of these specialists first-class in photo-op manipulation. Irving Berlin was right: There's no business like show business. To be sure, it's just a wee bit, well, obscene when so many are dying. But a little inconvencence over before stood in the way of entertainment. The Washington Post.

LETTERS TO THE EDITOR

A Grass-Roots Insider

Late one hot, muggy evening in July, there was a flurry of excitement on an otherwise empty airfield in Little Rock, Arkansas: The newly nominated Democratic candidate for president of the United States, Governor Bill Clinton, was returning home. It was almost two hours past midnight, and the governor was hours behind schedule. The time of his return had not been made public, so the small airport stood empty and silent save for the "advance team" and a handful of local volunteers. I was a member of the latter group. Mr. Clinton returned often to his home base in Little Rock, so this would not be the first time I would receive a last-minute summons to the airport in the middle of the night, where our duties ranged from holding back reporters to unloading the plane. My solace was that, as an acquaintance of Mr. Clinton, I had only to call out through the din of reporters a simple "Hi, Bill," and he would come over with a handshake and warm greetings.

Opportunity for Many

None of us minded the midnight toil. It was rewarding enough just to be there, playing a part in the American political process in our own small way. But there was another advantage. I was free to roam around the campaign's national headquarters, in a modest building in downtown Little Rock. A short tour gave one a sense of awe at the intricate organization involved in one of the most underestimated presidential campaigns in U.S. history. For one who has seen the inner workings of this campaign, it is possible to feel sympathetic to Dan Quayle's election-night remark as he conceded defeat: "If Bill Clinton runs this country as well as he ran his campaign, we'll be all right." FRANK THURMOND, Oxford, England.

Time for Logic in Vietnam

I don't quite understand America's continued isolation of Vietnam. The United States is losing out to the rest of the world in a big market. But more important, if there were thousands of Americans running around Vietnam, might they not find out faster about the servicemen missing in action than if nobody was there? ED HERRST, Salvador, Brazil.

Hatred and Religion

Religion, which is supposed to elevate bumankind to a higher level of consciousness and to promote brotherhood, in fact divides people. Fellow Slavs in former Yugoslavia, divided only by religion, are gouging each other's eyes out. Fellow Christians in Ireland, divided only by sect, are blowing one another up. Arab Muslims hate Jews, and Jews hate Arabs. What does it all mean? If humans have a biological need to hate, I suggest that we generate a worldwide Hate-the-Martians movement. GENE DEITCH, Prague.

Umpteenth Eco-Disaster

When will the governments of the world have the basic sense to ban multimillion-gallon tankers? If oil were carried in convoys of small ships, any accident would be relatively minor. The increased transport cost would be offset by the avoidance of huge payments made in compensation after every major spill. NESTA COMBER, Venice, France.

SMOOTH as silk.

CONSEQUENTLY, THE THAI INTERNATIONAL HAS ALWAYS BEEN POPULAR WITH LOVERS OF GOOD FOOD AND WINE. YOU SEE, WE HAVE NEVER BELIEVED ALL AIR-LINE FOOD IS THE SAME. NOR HAVE WE FELT THAT JUST ANY WINE WILL DO FOR PASSENGERS ENJOYING OUR ROYAL ORCHID SERVICE. TO HELP SELECT THE WINES, CHAMPAGNES AND COGNACS TO BE SERVED TO PASSENGERS ABOARD THAI INTERNATIONAL FLIGHTS. A THAI WINE LIST OFFERS MANY SPECIAL PLEASURES. A CRISP, CHILLED CHARDONNAY PERHAPS, TO ACCOMPANY YOUR SCALLOPS AU GRATIN. OR A SPLENDID, WELL ROUNDED BURGUNDY TO SAVOUR WITH YOUR STEAK. DISTINGUISHED WINES FROM BORDEAUX AND HAUT MEDOC, MOËT & CHANDON CHAMPAGNE. SUPERIOR COGNAC, SPIRITS AND LIQUEURS, COCKTAILS AND BEERS. WITH A WINE LIST LIKE OURS IT'S HARD TO BELIEVE YOU ARE DINING AT 35,000 FEET. ON THAI WE'LL WINE AND DINE YOU WITH THE BEST IN-FLIGHT SERVICE IN THE WORLD. FRESH, DELICIOUS FOOD EXQUISITELY PRESENTED. SUPERB WINES OF THE MOST NOTABLE VINTAGE. IT'S NOT SURPRISING THEN THAT 30 OTHER AIRLINES CALL ON OUR CATERING SKILLS OR THAT WE HAVE WON TOP AWARDS FROM SUCH HIGHLY REGARDED MAGAZINES AS EXECUTIVE TRAVEL AND AIR TRANSPORT WORLD. AT THAI, WE'VE TAKEN STATE OF THE ART TECHNOLOGY AND CENTURIES OLD TRADITIONS AND WOVEN THEM INTO AN AIRLINE THAT'S SMOOTH AS SILK.



Thai

GERMANY'S NEW FEDERAL STATES

Forging A Free Market Economy

 <p>SAXONY</p> <p>Population: 4.8 million. Area: 18,300 square kilometers (6,975 square miles). Capital: Dresden (pop. 501,000). Other major cities: Leipzig (pop. 510,000), Chemnitz (pop. 301,000).</p>	 <p>THURINGIA</p> <p>Population: 2.6 million. Area: 16,250 square kilometers. Capital: Erfurt (pop. 217,000).</p>	 <p>BRANDENBURG</p> <p>Population: 2.6 million. Area: 29,000 square kilometers. Capital: Potsdam (pop. 140,000).</p> <p>BERLIN</p> <p>Population: 3.3 million.</p>	 <p>SAXONY-ANHALT</p> <p>Population: 2.96 million. Area: 20,445 square kilometers. Capital: Magdeburg (pop. 290,000). Other major city: Halle (pop. 321,000).</p>	 <p>MECKLENBURG-WEST POMERANIA</p> <p>Population: 1.95 million. Area: 23,835 square kilometers. Capital: Schwerin (pop. 130,000). Other major city: Rostock (pop. 250,000).</p>
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MASSIVE INVESTMENTS IN PEOPLE AND INDUSTRY BEGIN TO PAY OFF

October 1992 marked the beginning of Year Three in the lives of Germany's new states. Despite the recession in the West, investment in the new states continues to gather steam, and the returns from the first two years' endeavors are manifesting themselves in positive economic statistics.

In a cautiously promising year for Germany's new states, October kicked off a very good quarter. At the beginning of the month, it was revealed that total domestic orders received by the manufacturing sector in the new states jumped 13.5 percent in September, with non-German orders rising 26 percent. Shortly thereafter, Germany's panel of leading economists — the "five wise men" — announced that the gross national product of the new states was on course to grow by 7 percent for 1992.

rich-quick "cowboys" have abused investment support and other business-incentive funds.

What the statistics do indicate is the end of the "crunch era," in which old systems were being dismantled or falling apart and the new ones were being installed. They also show that during this phase, by and large, the new states' residents have even prospered somewhat.

One indicator: After initial astronomical hikes in 1990 and 1991, the number of people vacationing outside of Germany has increased a further 25 percent this year.

During the past two-and-a-half years, despite the need to compensate for factories closing and to fill empty municipal coffers, an unprecedented 60 percent of all funds allocated to the new states has

Eighty percent of all companies surveyed graded business as being satisfactory or better.

Most encouragingly, both the rates of unemployment and underemployment had fallen substantially in September, indicating that the service and trades sectors' job-creating machines were beginning to show results.

Figures from Germany's new states are both highly volatile and only partially reliable. October's statistics, however, were corroborated by subsequent reports. The net number of companies founded in the region has continued to grow strongly: Between 8,000 to 10,000 new companies are created each month. With 110 billion Deutsche marks (\$69 billion), the region's share of national capital investment for all of 1992 has amounted to nearly 26 percent, almost twice 1991's figure. The Bundesbank released figures showing that net worth per capita in the new states had risen 50 percent over the past two-and-a-half years. October's rate of inflation was 3 percent (as calculated on an annual basis), sharply down from September's 13 percent.

Germany's leading economists announced that the new states' GDP was on course to grow by 7 percent for 1992

gone to their future: roads, education programs, electricity lines and manufacturing facilities.

The private sector has invested 30 billion DM in the region, with another 130 billion DM set to follow. That figure, of course, will be influenced by the speed of the economic recovery in the West.

To present-day Germany, beset by economic and social worries, autumn 1992's figures tell a simple, heartening story: This massive investment in the new states' human and physical capital is starting to pay off.

One beneficiary will be the German federal government itself. According to Cologne's authoritative Institut der deutschen Wirtschaft (Institute of the German Economy), tax receipts from the new federal states are expected to grow by 16 percent in 1993.

'THE PACE IS ACTUALLY GOING TO PICK UP IN 1993'

Jürgen W. Möllemann, Germany's vice chancellor and federal minister for economic affairs, appraises the current state of German development in the following interview. A member of the Bundestag since 1972, he was appointed federal minister of education and science in 1987, a position he held until 1991.

Several business journals describe the current situation in Germany's new states as the beginning of the "era of consolidation" and the end of the "era of crash action." Would you agree with that description?

No and yes. No, because the rapidity associated with the term "crash action" is still very much a feature of the development of the new states. In fact, anywhere you look — the number of telephone connections, the companies founded or privatized, the kilometers of roads and rails revamped, the factories commissioned — the pace is actually going to pick up still more in 1993. That is not surprising. Everything we have put in the pipeline during the first two-and-a-half years is coming on stream.

Yes, because the work of restructuring or setting up the institutions — state and local governments, companies, courts, schools — has largely been accomplished. These institutions now have a couple of years of experience under their belts. Now it is more a question of expanding, fine-tuning and seeing what still has to be done.

Recently, a number of major companies announced cutbacks on their capital projects in the new states. Are you still optimistic about investor interest in the region?

Dozens of press releases — many with ambitious plans for expansion, others announcing cutbacks — land on my desk every day. They run about three-to-one for expansion, at least count. Announcements do not detail trends — the facts do. And the facts speak for an unprecedented transfer of capital to the new states. This year, the public sector transferred 126 billion Deutsche marks (\$79 billion) net to the East, up 16 percent over 1991. Sixty per-

cent of that 126 billion DM went into infrastructure, plants and education.

Even more pertinent is the commitment by the private sector. Companies have allocated 80 billion DM to the new states this year — that's up 60 percent over 1991. There are many more facts, including the nearly 30 billion DM that non-German companies have put into the new states and the several billion marks invested by local companies in their areas. And there are going to be many more announcements in the newspapers, good and bad. But to really determine what is going on, to appreciate how a transformation of this size occurs, you have to go to

The public sector transferred 126 billion DM to the East, 60 percent of which went into plants, education and infrastructure.

where it is happening. You have to spend some time in Eisenach and Dresden and Leuna and Neubrandenburg and Potsdam and see the factories being built, the telephone booths and power lines going up.



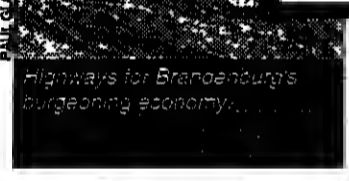
Mr. Möllemann: "Public-sector support is strong."

In view of the slowdown in Germany's western states, are the economies in the new states recession-proof?

The slowdown is not coming at an opportune time for either the old or the new states. After 10 years of solid growth, a slowdown was, of course, inevitable. However, a very large portion of the new states' gross domestic product comes directly and indirectly from the public sector. This strong support is set to stay at its present high levels over the next few years, long enough to see the region through any period of economic weakness in the West. In fact, the new states' GDP is forecast to grow by 4 percent in 1993.

You are part of the team presiding over a massive economic and social transformation. Did you ever have the hankering to step in and do some hands-on changing in, for example, a company?

As you may know, I am not a total amateur when it comes to business. Before getting into politics, I owned a public-relations agency. I liked the work and found it satisfying. What strikes me about the last two-and-a-half years since unification is how much we've been learning — people in the old states, in the new states, businesspeople, engineers, even politicians — about how things and systems are to be changed. And this change comes about, of course, through the relating of new ideas and techniques and the comparing of experiences. I see a challenge there, something to be pursued in the new states. That type of activity would interest me very much.



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ADVERTISING SECTION

ADVERTISING SECTION

REALTY PROJECTS FLOURISH IN LEIPZIG

The demand for and the supply of large-scale commercial developments located on city peripheries are at an all-time high in Germany's new federal states. Even more sought after is inner-city real estate, but this often involves overcoming hundreds of restitution claims.

A new law is untangling the skeins of restitution claims, and new ownership and financing models may unblock the clogged residential property sector.

One of early November's most noteworthy stories was missed by much of the world's press, who were busy reporting on the projected cancellation of a 200 million Deutsche mark (\$125 million) truck factory. Over the next 10 years, in a 3.5 billion DM investment financed by Munich's Bayerische Hypothekbank, a new community will come into being some 14 kilometers (9 miles) west of Leipzig. Grosskugel, named after a village in the vicinity, will integrate both commercial and residential use, ecology and infrastructure; its 1.45 million square meters will house 8,000 inhabitants and companies employing 7,000 persons.

Perhaps the newspapers had simply grown tired of reporting on what was the 41st major real-estate development in Leipzig, a city of some 500,000 residents. Other developments include the Stalepark, set to be Germany's largest shopping mall; the Leipzig-Wahren logistics center (4 million square meters); the Weidenweg business park (4.2 million square meters); the MDZ (2.1 million square meters, including technology and media centers and a four-star hotel); and Mockau-Seehausen, whose 3 million square meters will house the city's new trade-fair grounds, a central distribution facility for Quelle (Germany's largest mail-order retailer), as well as several hotels, shopping centers and office complexes.

Does all this add up to a boom in Leipzig? As Leipzig is widely regarded as a microcosm of the new states as a whole, the question is of vital importance.

The answer is: not yet, and certainly not in every real-estate sector, according to Douglas Holoch of Jones Lang Wootton,

the international real-estate company. He points out that it will take time for all these projects to be approved and realized. During the next year, some 85,000 square meters of commercial space will be let, compared with West German cities. This new space will suffice to introduce reality into what had been a scarcity-driven, overblown market. In the opinion of Dieter Deissler, head of J.L.W.'s Leipzig office.

After 1995, in a novelty for the eastern part of Germany, there may very well be an overabundance of space, creating a buy-

During the next year, some 85,000 square meters of commercial space will be let, enough to satisfy pent-up demand

ers' market and a shakeout between viable developments — those with good transport links and central locations — and less viable ones. How large the supply of business-park real estate can get is shown by the neighboring state of Brandenburg. At least count (not including single-owner developments), 880 busi-

ness parks with a total area of 95 million square meters had been registered with governmental authorities. Of those parks, 339 with a total area of 84.3 million square meters had received initial approval.

One hope, according to Angermann, one of Germany's leading realtors, is that the new supply of commercial real estate will relieve the chronically depressed residential market. At the moment, for lack of suitable space, many of the city's prime villas and apartment complexes are being used for offices. Many of the new developments come equipped with residential units.

Aside from that, only the new ownership and finance models proposed by Federal Finance Minister Theo Waigel and other leaders offer any hope of revitalizing this market, in which the number of living units (apartments and houses) started is currently running slightly below 1990 levels.

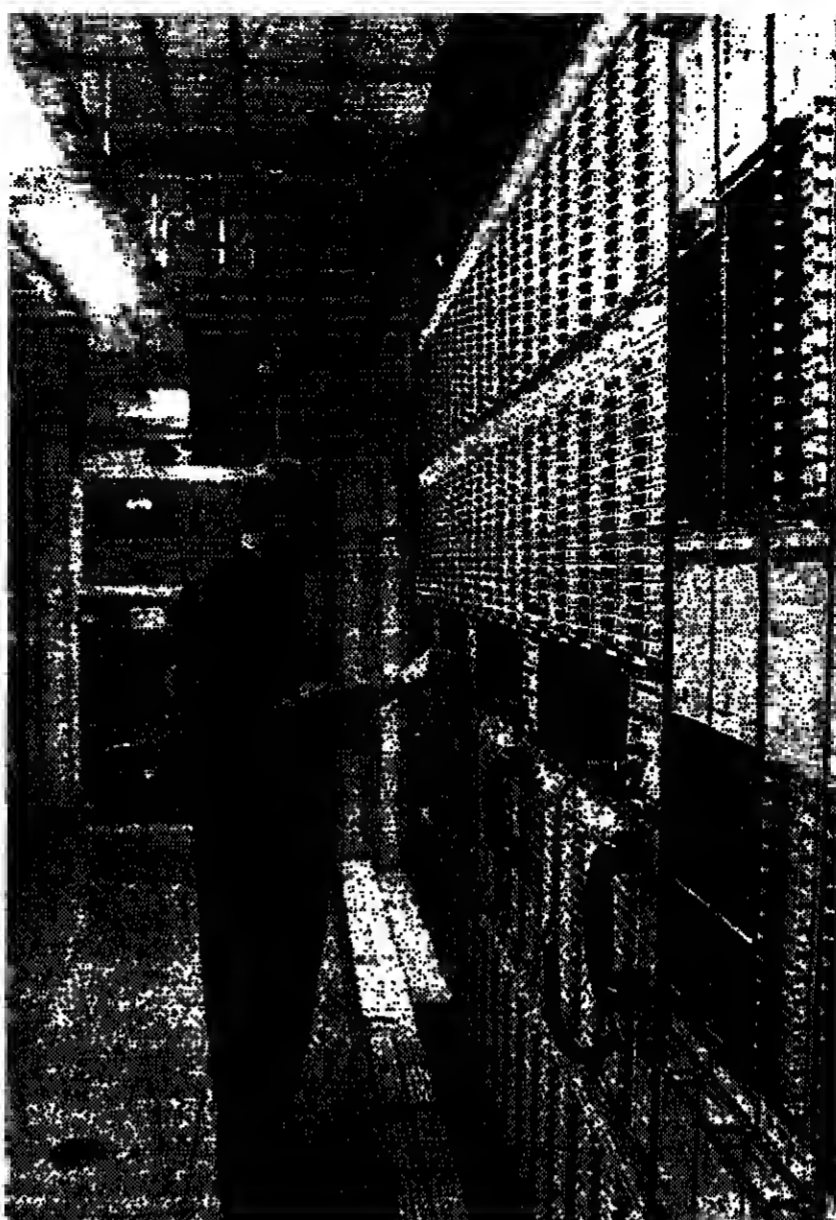
Although higher than they were before unification, rents are still too low to provide investors with much incentive to purchase Leipzig's 280,000 apartments, two-thirds of which require urgent, massive renovation after four decades of neglect. One plan is to let occupants, high in motivation and very short on cash, acquire their own units through a combination of long-term loans and sweet equity.

As the sudden flood of projects would indicate, a way has been found to deal with restitution claims, which once hamstrung both the real-estate market in both Leipzig and in Germany's new states as a whole.

It is not that the restitution problem has gone away: Only 8 percent of the 1.7 million claims for the return of property or buildings have been processed. Prime properties in Berlin and Dresden are attached with up to 800 claims. But thanks to Paragraph 3a and its successors (current Paragraph 3, Article 8 of July 1992's law granting precedence to investment), a restitution claim does not necessarily hinder investment.

The paragraph, first incorporated into Germany's property rights law in March 1991 and successively beefed up after that, is simple in its thrust. A project is granted "right of way" over restitution if the project will provide greater benefit (in terms of jobs created or amount invested) than the return of a property to its original owner would. In such cases, the original owner receives cash compensation.

Key to Leipzig's situation is a little-noticed item in the July 1992 law. Project developers can petition to have all restitution claims bundled together and processed in a single hearing.



State-of-the-art telecommunications place the region on line with the world.

ECONOMIC CHANGE STARTS WITH EDUCATION

For the rest of the world, economic change on an unprecedented scale is the lead story from Germany's new federal states. Hundreds of billions of Deutsche marks are being used to transform an entire society and to provide a livelihood for 16 million people in the eastern part of the country.

For those 16 million people, the lead story has been taking place in classrooms — many classrooms. Never before has such a high percentage of a working population been undergoing further occupational education or vocational training at the same time.

It is not necessarily an altruistic love of higher learning that is leading the region's residents to education. To improve their qualifications and skills, 25 percent of the region's entire working force — or over 2 million people — have participated in occupational training programs in 1992, according to Cologne's Institut der Deutschen Wirtschaft (Institute of the German Economy). Over the past two-and-a-half years, an estimated 60 percent of the work force has taken part in such programs.

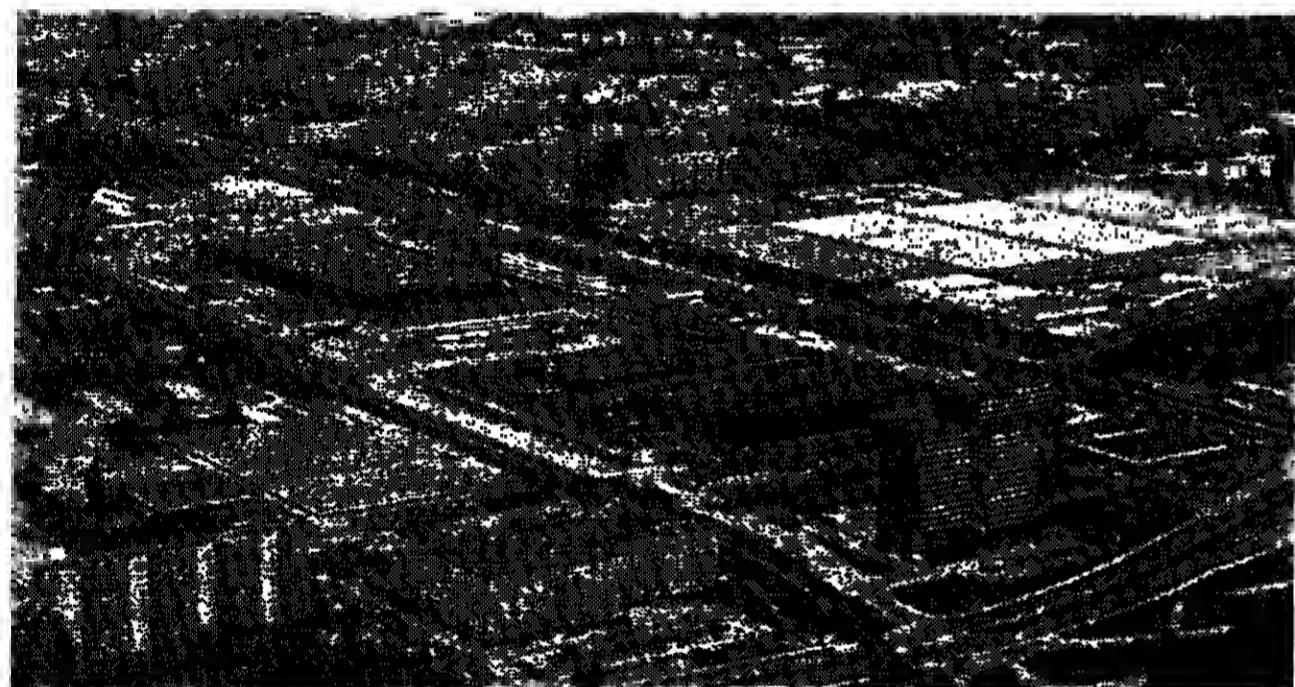
For 480,000 persons in the new states, full-time occupational training programs are currently substituting for gainful employment. The programs' curricula include computer programming, banking or technical marketing (a German specialty), as

well as such modern skills as doing one's own taxes and English.

Charles E. Brown, a Berlin-based American teacher of English, describes his adult students as "to a very large extent, very conscientious and even demanding." Mr. Brown has taught in occupational training programs held in Schwedt, an industrial city on the Polish border.

Of course, occupational opportunity and economic necessity are by no means the only motives inducing the region's residents to study. Higher education was a preserve of the politically correct in East Germany, and several hundred thousand people are taking advantage of their new intellectual and political freedom by enrolling in universities and *Gymnasien*, or secondary schools that prepare students for university.

All told, a whopping 38 percent of all those between the ages of 19 and 64 living in the eastern part of Germany are currently attending some form of educational program.



The development area on the outskirts of Berlin features excellent transportation links to Leipzig, Chemnitz, Dresden, Magdeburg and other urban centers.

TYING ECONOMIC CHANGE TO THE ENVIRONMENT

Communities, agencies and innovative programs have made environmental protection an innate part of economic growth in Germany's new states. The environmental damage in the region was enormous, but the progress made and the opportunities created have been on the same scale.

As any resident in or visitor to the new states in late 1990 and early 1991 can attest, the eastern part of Germany had immediate, serious environmental problems. The air was chokingly bad, the water undrinkable, and the rivers were often unimaginably polluted. There was a problem with toxic waste — how large it was and how many thousands of sites were involved, no one knew.

These days, the air is good in East Berlin, Halle and Dresden — or at least as good as it is in West Berlin, Paris, Barcelona and any other major city on this automobile- and industry-ridden planet. The amount of sulfur dioxide and nitric oxide in the region's air has been halved. You can fish in the Elbe River these days, although you would not want to swim in it. Some 60,000 waste sites have been catalogued. The 1,200 "hot spots" are being cleaned up.

Over the past two-and-a-half years, 8.5 billion Deutsche marks (\$5.3 billion) have been spent by the German federal government and the European Community on 1,850 projects: installing sewage systems, new water lines and exhaust filters. The amount of additional outlays by regional and community authorities and the private sector are unknown, but they are estimated to be at a similar level.

Money was not the only factor causing this remarkable turnaround. Also playing key roles were, surprisingly, economic bad luck and a forgiving environment.

The sudden, unexpected collapse of East European markets caused a drastic drop in orders received by the new states' manufacturers. Modern producers — including those in the automobile and telecommunications sectors — have overcome the slump and found new markets, recording double-digit rates of growth. In a display of economic Darwinism, the slump speeded up the phasing out of the "prime polluters" — massive, older plants.

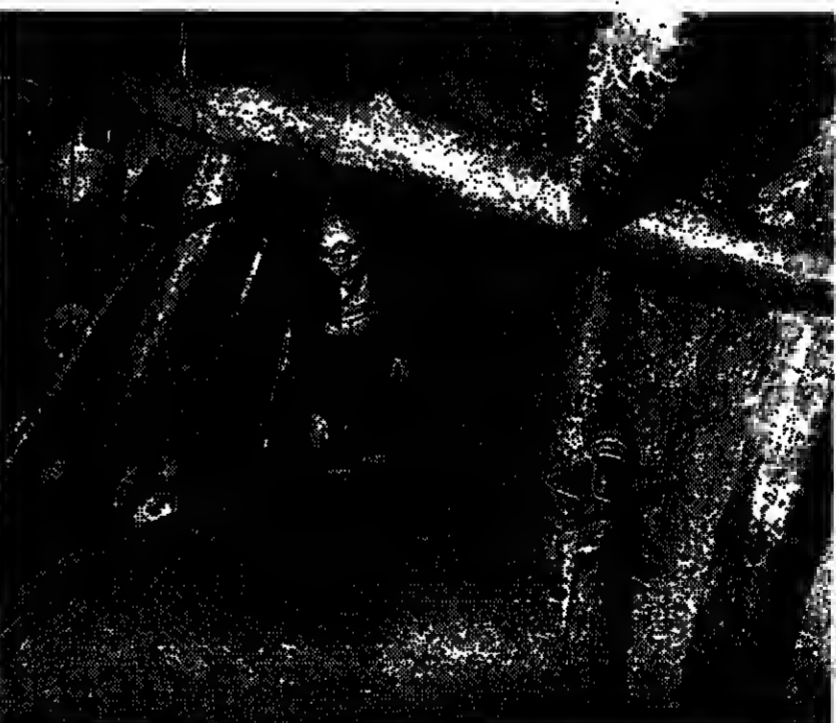
The impact was immediate. The smokestacks and the sewage pipes stopped belching pollutants; air and water quality improved dramatically. Some of the East German government's "environmental desecrations" (in the words of "Der Spiegel"), however are of a scale requiring generations and billions of marks to ameliorate. Examples include the uranium mines at Wismut, Saxony (budgeted to receive 4.5 billion DM in federal funds) and the strip coal mines in southeastern Brandenburg, northern Saxony and eastern Thuringia. The full dimensions of the Soviet despoliment of their 1,000-odd military sites in the region are only now becoming apparent.

In the eastern part of Germany, the striving for economic progress and the need for environmental improvement have dovetailed nicely.

Investors were eager to buy Treuhänder companies, but they were apprehensive about possible environmental liability suits arising from past (East German) practices. Much of the region's initial environmental auditing was carried out at the behest of the Treuhänder. The agency then used the findings to negotiate liability exemptions and ceilings with investors. A recently agreed-upon formula limits investor liability for pre-1989 environmental misdeeds to 10 percent in many cases and sets ceilings upon cumulative exposure. Financial responsibility is generally split on a 60-40 or 75-25 basis between federal and state authorities. To make the agency's companies salable, it has often been necessary to trim the companies' bloated work forces. Some 150,000 people in the eastern part of Germany have found gainful employment each year in government-financed environmental cleanup programs.

Saxony-Anhalt's "chemical triangle" — formed by the cities of Bitterfeld, Halle and Merseburg — had both a reputation for being "Europe's dirtiest area" and for having a highly skilled and motivated work force and a central location. It was imperative to shut down the existing plants, and it was just as imperative to find a livelihood for the entire region. Thanks to a closely coordinated effort by the federal and state governments and the Treuhänderanstalt, the "chemical triangle" now has a future as one of Europe's most modern industrial regions. A fair amount of public-sector support and a bit of horse-trading have convinced Germany's VEBA, Italy's ENI and France's Elf to invest 14 billion DM in building state-of-the-art production facilities located in the "triangle."

Communities were anxious to provide their citizens with high-quality "public goods" (drinking water, natural gas and electricity, to give a few examples), but they were short of the know-how and the



Filling depleted mines in Saxony: The environmental cleanup is a bottom-to-top affair.

resources to do so. Enter Eurawasser, a German-French consortium made up of Thyssen Handelsonion (51 percent) and Lyonnaise des Eaux-Dumex (49 percent). In the largest deal of its kind in Germany to date, this consortium will operate Rosstock's water supply and sewage systems starting from January 1993. The consortium's "rent" is the 900 million DM it will invest in the city's system. Its "return" accrues from users' fees. Similar deals have been concluded in the natural-gas supply, waste-disposal, electricity-generation and other systems.

Disposing of waste is always a dirty and difficult proposition, but when this waste is composed of the surplus equipment and munitions of an entire army, then the element of danger has to be factored in. Or at

least so it would seem. For Buck-Werke, the disposal of over 3 million pieces of munitions and equipment from the NVA (the former armed forces of East Germany) has been just another job — albeit with a twist. Over the past two decades, ordered from the West German army accounted for 90 percent of the Bavaria-based company's turnover. Today, its disposal activities in the Brandenburgian town of Pinnow have given the company, once facing a drastic drop in business, a new lease on life. For Pinnow and its fledgling business park, Buck, too, has proven a godsend. The company is investing profits earned from munitions disposal in new manufacturing facilities in Pinnow. Products include hospital beds, mobile homes and offices.

LINKS TO THE CENTER: MAGDEBURG RENEWS ROLE

In 1991 and 1992, Germany spent nearly 30 billion Deutsche marks (\$1.9 billion) on bringing the transport infrastructure in its new states up to Western levels. Over the next 20 years, some 160 billion DM and 52 major projects will follow.

For cities such as Magdeburg, the most dramatic improvement in its rail, road and water links has already occurred. It was free and came (literally) overnight.

On paper, Magdeburg — now the capital of the state of Saxony-Anhalt — was always centrally located. It was on the country's two main east-west rail and road connections, running from Berlin to Hannover. The Elbe river, one of Germany's great freight arteries, connected this city of 285,000 inhabitants to Hamburg and the North Sea; the Mittelstrand canal linked Magdeburg to the Rhine and Ruhr industrial areas.

Of course, in the days before November 1989, these connections did not do the city's residents or their economy much good.

The most immediate consequence of the tearing down of the Berlin Wall was an influx of traffic to, from and throughout the region, restoring centrality to Magdeburg and other "frontline" cities. Initially, this influx was made up of sightseers. Today, 500,000 people commute every day from Saxony-Anhalt and other new states to jobs in the west. Automobile ownership in Germany's new states has risen 60 percent over the past two-and-a-half years; automobile use, by twice that amount.

While the residents of the new states head west, tourists and business executives head east; collectively, the new states have become the favorite destination of West Germans. The roads all these people are traveling on are being systematically widened and upgraded. In 1991, 450 kilometers of the region's 3,700 kilometers of autobahn were completely redone, with a total of 1,700 kilometers undergoing some form of improvement.

Traffic jams are often the result. German traffic planners have allocated two-thirds of all transport funds devoted to the new states over the past two years to revamping the region's 1,000 kilometers of rail track, and refurbishing stations. Over the long term, 57 percent of funds will go to the region's rail system. The goal is to more than double the percentage of people and goods transported by rail — from 19 percent to 40 percent by the end of the 20-year period.

Fitting the envisioned 12 new or rerouted rail lines, 37 highways, two waterways and at least one airport into a 20-year period is itself a major accomplishment. Throughout the world, infrastructure planning and building is a tortuous, lengthy process; in Germany, throughput times of 24 years are not uncommon. For its new states, Germany has adopted a number of administrative procedures that greatly speed up the approval process.

FRANKFURT/ ODER LINKS UP WITH THE EAST

Frankfurt/Oder has 64,000 inhabitants and is located in the state of Brandenburg. Across the Oder River to the east lie Poland and the town of Slubice.

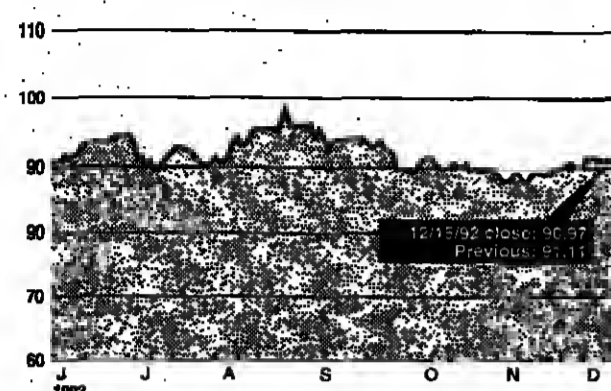
"Frankfurt/Oder and Slubice now form a single metropolitan area," recently declared Der Spiegel, commenting on the integration of the two communities' economies and cultural lives.

To further promote the good-neighbor ties of the Oder region — as Walter Hirche, Brandenburg's energetic minister for economic affairs, has dubbed it — Brandenburg and the Polish authorities have created an extensive range of binational entities and laws. These include everything from a chamber of commerce and investment subsidies to tax breaks and a business-promotion authority with headquarters in Poland. A World Trade Center will be built in Frankfurt/Oder; the municipality of Slubice will be one of its owners. An island in the Oder will become a tree trade zone. Eisenhüttenstadt (Brandenburg) and Zielona Gora (Poland) are to be linked in a pan-Oder industrial park.

Not all these initiatives are purely economic. A polytechnic — in which both German and Polish will be languages of instruction — is being founded, as is the Lower Oder Valley international nature preserve.

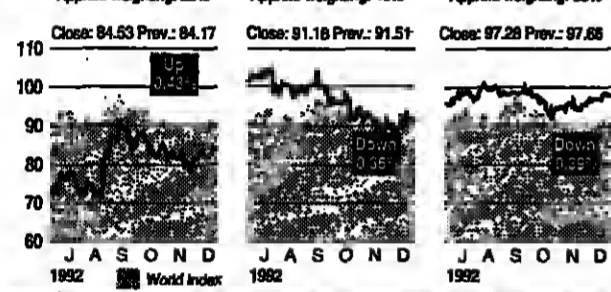
THE TRIB INDEX: 90.97

International Herald Tribune World Stock Index of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific	Europe	N. America
Approx. weighting: 25%	Approx. weighting: 40%	Approx. weighting: 35%
Close: 84.53 Prev.: 84.17	Close: 91.18 Prev.: 91.51	Close: 97.28 Prev.: 97.88



Industrial Sectors	Yr. close	Yr. open	% change
Energy	91.86	91.88	+0.20
Utilities	66.32	65.89	+0.50
Finance	82.98	82.79	+0.23
Services	99.54	98.72	-0.18

For readers seeking more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Can Britain Fight the Import Tide?

By Erik Ipsen
International Herald Tribune
LONDON — Economists looking for signs of deep-seated problems in the British economy usually get no further than the trade balance. They have no need to. "The figures are appalling," said Bill Martin, chief economist with UBS Phillips & Drew.



In the midst of the longest recession since the Depression, imports have done something they are not supposed to do — risen.

NEWS ANALYSIS
Second of two articles

British demand is increasingly being met by non-British suppliers.

This is an ominous and humiliating predicament for the world's first industrial nation. The brave boast that Britain will now lead the way as the world's post-industrial nation is no longer heard.

In the third quarter, domestic demand rose by 0.5 percent while imports, excluding cars, soared by 8 percent. Mr. Martin pinned the blame for this year's expected 1 percentage point fall in gross domestic product on "massively higher" imports.

Richard Conquest, chief economist at the Daiwa Institute of Research, said: "The

problem is not that we are hopeless at doing anything, but that the supply base is not big enough to meet the demand of both the domestic and export markets."

Economists estimate that the capital base of British manufacturers — its stock of machines and material to make things — has fallen slightly since 1979, the year before Britain's last recession. Meanwhile, domestic demand has risen 30 percent and exports have soared.

The result is a severe shortfall in manufacturing capacity. In the first 10 months of this year, instead of posting the substantial cur-

rent account surplus that would be useful in a recession, that shortfall contributed to a current account deficit of £9.7 billion (\$15.2 billion).

Underlying that broader measure, which includes export earnings from such so-called invisible items as financial services, was a steady deterioration in Britain's balance of trade. In the first six months of the year, imports of nonoil goods exceeded exports by £7 billion. Economists at James Capel, the brokerage firm, estimated that deficit would hit £16 billion this year and £23 billion in 1993.

For the so-called "miracle economy" of the mid-1980s, the one whose productivity growth rates far outstripped its rivals, the one that was supposed to have clearly broken its long downward spiral, this comes as a bit of a shock.

The recession was one thing, but it was not supposed to have wiped out the hard-won gains of the 1980s. Then, in the drive to a slimmer, more productive Britain, 2.5 million jobs disappeared and as much as a fifth of industrial capacity was lost.

"We have become more competitive, but we have not seen those gains feed through in terms of a significant increase in the manufacturing base," said Andrew Sentance, chief

See U.K., Page 19

Leasing Firm Orders Planes Worth \$4 Billion

United Press International
LOS ANGELES — International Lease Finance Corp., taking advantage of one of the best buyers' markets for jets in years, announced Tuesday it would spend \$4.1 billion in the largest aircraft order of 1992.

ILFC, a unit of American International Group, said it would acquire 53 aircraft from Boeing Co., 28 from Airbus Industrie and one from McDonnell Douglas Corp. It also took out options worth \$1.3 billion on 17 more Boeing and eight more Airbus aircraft.

The order was a significant boost for Boeing, which learned Monday that United Airlines planned to reduce its 175 orders and 258 options by an unspecified number.

Airbus also suffered a blow last week when Northwest Airlines canceled a \$3.5 billion order for 74 of the European consortium's planes as part of a cost-cutting program.

ILFC said it placed the orders because it expected continuing growth in its leasing business, despite the current slump in the airline industry.

Before the Tuesday announcement, ILFC already had about 200 aircraft on order and 60 percent of this fleet had been leased to clients. All but the company's existing 185 planes are leased out.

"Our core aircraft-leasing business has been steadily growing in volume, demand and profitability, which is rapidly exhausting our existing order book and now requires ILFC to secure adequate supplies of new-technology jet aircraft," ILFC Chairman Leslie Gonda said.

The announcement also comes at a time when ILFC's chief rival, Ireland-based GPA Group Ltd., has been struggling to avert insolvency. The company canceled an initial public offering in June because of a lack of interest from institutional investors and recently suffered downgrades in its debt ratings by Moody's Investors Service and Standard & Poor's Corp.

Dean Thomson, president of Boeing Commercial Airplane Group, called the ILFC deal "refreshing news for an otherwise nervous industry," and said the order underscored Boeing's optimism for the long term.

The deal also is a big plus for Airbus, coming on the heels of a number of cancellations and deferrals from recession-plagued carriers.

As for McDonnell Douglas, ILFC Tuesday converted an option on one trijet into a firm order for March 1993 delivery.

The purchase comes at a time when McDonnell Douglas has also been stumbling. The company recently delayed plans to launch a new jumbo jet after Taiwanese investors lost interest in a proposed deal worth \$2 billion to help produce the new craft.

ILFC said it expected initial deliveries to begin in 1994, with most aircraft to be shipped between 1996 and 1998. The order includes virtually every model made by Boeing and Airbus.

Seoul Losing Faith In Formulas of Past

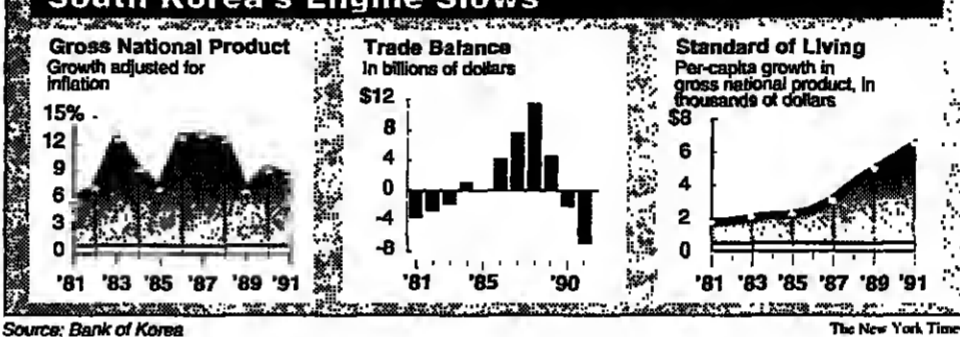
'New Japan' Fears Falling Even Further Behind Tokyo

By Andrew Pollack
New York Times Service
SEOUL — South Korea, which only five years ago was being looked upon as the next Japan, is coming to grips with the notion that it might not be so easy to get there after all.

Indeed, as South Koreans prepare to vote on Dec. 18 to elect a new president, the economy has become the major campaign issue. There is a sense of foreboding that the rapid progress has stalled, and there is a growing consensus that the economic system that has carried South Korea so far so fast can carry it no further, indeed, that it must change in as fundamental a way as the political system has.

South Korea in fact remains one of the great economic success sto-

South Korea's Engine Slows



Some companies in businesses like computer memory chips and steel lead the world. Gross national product per capita, a measure of the standard of living, has more than doubled in five years, to \$6,340 in 1991, from about \$3,000 in 1987.

With rising wealth has come greater political influence, as exemplified by the visit last month to Seoul by President Boris Yeltsin of Russia, his in hand.

Still, in the last two years or so, economic growth has slowed, a trade surplus has turned into a deficit, and the country has been losing competitiveness in some industries. Even after the strong earlier growth, gross national product per capita in 1991 was only roughly equal to that of Greece, and far

below that of Japan (\$26,920), the United States (\$22,560) and Britain (\$16,750), according to the World Bank.

Now, said Bae Soon Hoon, president of Daewoo Electronics, "the gap between Japan and Korea is even greater than before."

To keep progressing, many business executives and economists say, South Korea must navigate two major transitions.

Instead of the economic system developed during the years of dictatorship, which gave the government strict economic control and concentrated business in a few huge conglomerates, South Korea must now move toward freer markets and smaller, entrepreneurial companies.

Second, the nation must shift more toward innovation and advanced technology. Industries that have propelled South Korea's growth so far, like shoes, clothing and simple consumer electronics products, are now migrating to developing nations with far lower wages like Indonesia and China.

"Right now, we need a change of paradigm," said Paik Man Gi, director of the semiconductor division at the Ministry of Trade and Industry.

A move away from low-tech, labor-intensive industries is probably inevitable as any nation modernizes, but in South Korea's case the change has been hastened by democratic reforms that gave a voice to formerly suppressed workers.

Strikes in the late 1980s, some of them violent, helped lead to a tripling of wages in some cases, and more than 300 labor-intensive foot-

See SEOUL, Page 19

MEDIA MARKETS

1993 Is Promising a Feast For Germany's News Buffs

By Brandon Mitchener
International Herald Tribune
FRANKFURT — For German news junkies used to deprivation, 1993 will be the year of the overdrive. Three new television stations, two focusing on hard news and one feature-oriented, as well as a weekly newsmagazine, will be taking aim at what is considered one of the last promising niches in the German advertising market: well-educated and wealthy with a craving for information.

• N-TV, which began broadcasting 24 hours of news a day on Nov. 30, is Germany's answer to Cable News Network. The strong points are business reporting and a cooperative agreement with British Broadcasting Corp. on foreign news.

• VOX, an information channel that is to go on the air Jan. 25, aims to be "up-to-date, informative, entertaining and innovative" with hourly news, investigative reporting, talk shows and documentaries. Several newspapers, including the Neue Zürcher Zeitung and the International Herald Tribune, are tentatively scheduled to provide regular programming.

• A third contender is Euronews, an all-news station to be based in Lyon and sponsored at least initially by the European Community, broadcasting in five languages including German. No startup date has been set.

• In the print press, a flashy, four-color newsmagazine called Focus will go head-to-head with Germany's stolid, black-and-white weekly Der Spiegel as of Jan. 18. The publisher, Burda GmbH, says it had no plans to compete with Der Spiegel, but nevertheless bills Focus as a "modern" alternative.

News and economics magazines are the second-biggest advertising markets in the German print press, behind television program guides, and upstart private television stations are increasingly luring viewers and advertisers from the leviathan public-sector broadcasters.

It comes as no surprise that media companies are given good prospects for growth in a market that expanded by a quarter following German unification. Deutsche Bank Research recently reckoned that Axel Springer Verlag AG, publisher of Bild and one of Germany's media heavyweights, could see a 50 percent jump in

Franc Feels Pressure As ERM Jitters Return

Compiled by Our Staff From Dispatches
LONDON — The Deutsche mark strengthened in nervous foreign exchange trading on Tuesday, and the French franc succumbed to a fresh bout of European currency jitters.

Germany's central bank, the Bundesbank, intervened to support the franc at 3.4176 to the mark around midday in a replay of repeated franc-buying forays it mounted last week.

But the French currency, which had been helped by a show of unity at the European Community summit meeting in Edinburgh over the weekend, lost its short-lived gains. The mark rose to 3.4164 francs from 3.4088 on Monday.

Currency dealers said much of the impact of the intervention was lost due to comments by a Bundesbank council member, Otmarr Issing. He said German inflation remained high and was unlikely to ease in coming months, a further signal there would be no quick end to high German interest rates.

The dealers also said the franc was dented by market talk that the Bundesbank would not aid it as strongly as it did in September, when the pound and lira were forced from the European Monetary System's

exchange-rate mechanism grid of currency parities.

The dollar advanced against European currencies after remarks by President-elect Bill Clinton that he would back a strong American currency. But the mark's strength against the dollar pushed it off a ledge above 1.57 DM to 1.5680 at the European close.

Separately, Ireland's central bank slashed interest rates to 16 percent from 20 percent as pressure on the punt abated within the exchange-rate mechanism.

Dealers said speculation persisted of a devaluation of the Irish punt and of a post-Christmas alignment downwards of the French franc and Danish krone. All belong to the ERM.

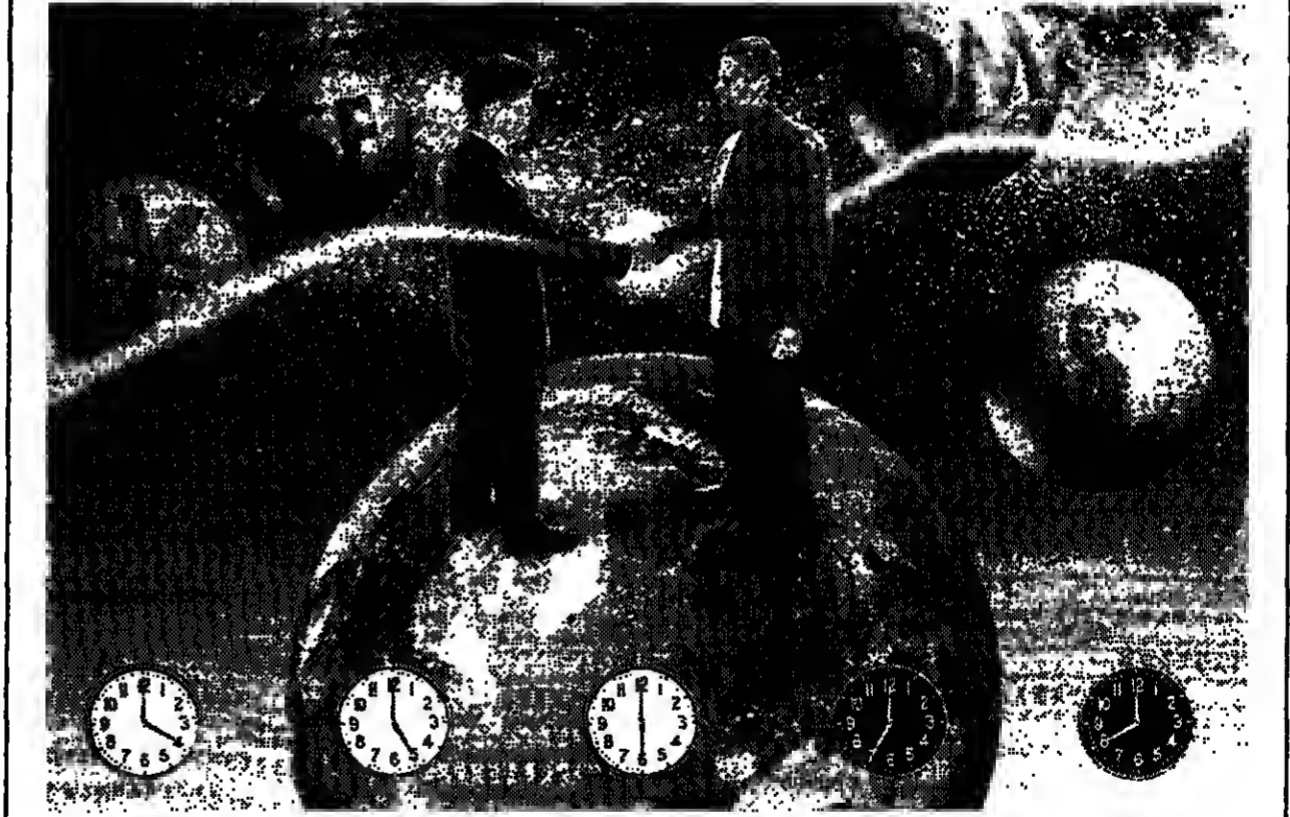
After the rate cut, the punt dipped before moving back to around 2.6394 DM, edging away from its ERM floor of 2.6193.

Private economists said the Irish rate cut reflected an easing in recent selling pressure on the punt.

"Maybe they feel the pressure is off the currency since the weekend," said Dermot O'Brien, economist at NCB Research in

See RATES, Page 16

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We're a subsidiary of Safra Republic Holdings S.A., with US\$1.1 billion in total capital. Our solid record of financial achievement has attracted many new customers to the group. In the past four years, client assets have climbed 400%, and now exceed US\$9 billion.

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CURRENCY & INTEREST RATES

Cross Rates	Dec. 15
Australian \$	1.5825
British pound	1.5710
Canadian \$	0.7125
French franc	3.4164
German mark	1.5680
Japanese yen	161.00
Swiss franc	1.4850
U.S. dollar	1.0000

Eurocurrency Deposits	Dec. 15
1 month	3 1/4-3 3/4
3 months	3 3/4-3 3/4
6 months	3 3/4-3 3/4
1 year	4 1/4-4 1/4

Key Money Rates	Dec. 15
Discount rate	4.00
Prime rate	6.00
Federal funds	3 1/4
3-month CDs	3 1/4
Commercial paper	3 1/4
3-month Treasury bill	3 1/4
5-year Treasury note	4.75
10-year Treasury note	6.00
30-year Treasury bond	7.50
Merrill Lynch 30-day Treasury note	2.25

NYSE

Tables include the nationwide closing prices up to the closing on Wall Street and do not reflect late trading elsewhere. Via The Associated Press

Tuesday's Closing

Tables include the nationwide closing prices up to the closing on Wall Street and do not reflect late trading elsewhere. Via The Associated Press

Symbol	Price
IBM	100.00
MSFT	50.00
ORCL	40.00
INTL	30.00
DISC	20.00
WMT	15.00
AMZN	10.00
GOOG	5.00
MSFT	50.00
ORCL	40.00
INTL	30.00
DISC	20.00
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WMT	15.00
AMZN	10.00
GOOG	5.00
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ORCL	40.00
INTL	30.00
DISC	20.00
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GOOG	5.00

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ORCL	40.00
INTL	30.00
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MSFT	50.00
ORCL	40.00
INTL	30.00
DISC	20.00
WMT	15.00
AMZN	10.00
GOOG	5.00

(Continued on next page)

AMEX High-Lows

Symbol	High	Low
IBM	100.00	95.00
MSFT	50.00	45.00
ORCL	40.00	35.00
INTL	30.00	25.00
DISC	20.00	15.00
WMT	15.00	10.00
AMZN	10.00	5.00
GOOG	5.00	2.00

NYSE High-Lows

Symbol	High	Low
IBM	100.00	95.00
MSFT	50.00	45.00
ORCL	40.00	35.00
INTL	30.00	25.00
DISC	20.00	15.00
WMT	15.00	10.00
AMZN	10.00	5.00
GOOG	5.00	2.00

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NEWS: 1993 Is Promising to Be a Feast for Hungry German News Buffs

(Continued from first finance page) earnings per share next year because of its involvement in two German private entertainment stations.

But analysts said the simultaneous appearance of at least four news and information providers at a time when most oews is bad news may be more than the German market can swallow. Some said it was unlikely all the oew products would survive.

"Germans are very traditional in their habits," said Heidrun Fleve, media editor at Horizoot, a German advertising industry weekly. "People often don't switch channels like the experts expect no matter how good an idea is."

This fact of life became painfully obvious when the Wall fell and German media mavens tried to push through increases in advertising prices with the argument that the potential market had grown by 16 million. Rather than being hungry for hard oews, however, East Germans opted for escapism.

"For many people there," Ms. Fleve said, "the days are so depressing that the last thing they want to do is hear the latest unemployment statistics. Instead, they tune into sitcoms."

The best things the new oews providers can offer advertisers are a relatively affluent, recession-proof audience and pent-up demand.

German television oews is currently dominated by two programs, Tagesschau and Tagesthem, which achieve peak viewership of 20 percent but lag in flexibility. Indeed, a big boost to the start-up stations came from the Gulf War, which exposed technical and professional chinks in the state television stations' armor as they tried in vain to match coverage by CNN.

CNN is not widely available in Germany because of a squabble with German Telekom, the agency that regulates cable television. In contrast to other such conduits of information, which carry CNN as a service and pass costs along to cable customers, Telekom demanded a fee from CNN as well.

The three start-up television oews stations together cannot expect to capture much more than 4 percent of the nation's 31.1 million viewing households. Some specialists questioned whether that niche is large enough to support three stations.

N-TV is confident that it can make a profit with as little as 1.8 percent-to-2.0 percent viewership, or 600,000 viewers over the course of a day, with its focus on hard oews and business information. It hired away two anchors of the popular "Telebörse" program from Sat1, another private station, to chair a midday business broadcast including a live feed from the Frankfurt stock exchange.

NASDAQ

Tuesday's Prices
NASDAQ price as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Last	Change
120	110	IBM	4.00	4.5	12	120	110	115	+5
100	90	Microsoft	0.00	0.0	15	100	90	95	+5
80	70	Oracle	0.00	0.0	18	80	70	75	+5
60	50	Intel	0.00	0.0	20	60	50	55	+5
40	30	Sun	0.00	0.0	25	40	30	35	+5

NYSE

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Last	Change
100	90	IBM	4.00	4.5	12	100	90	95	+5
80	70	Microsoft	0.00	0.0	15	80	70	75	+5
60	50	Oracle	0.00	0.0	18	60	50	55	+5
40	30	Intel	0.00	0.0	20	40	30	35	+5
20	10	Amgen	0.00	0.0	30	20	10	15	+5

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Last	Change
100	90	IBM	4.00	4.5	12	100	90	95	+5
80	70	Microsoft	0.00	0.0	15	80	70	75	+5
60	50	Oracle	0.00	0.0	18	60	50	55	+5
40	30	Intel	0.00	0.0	20	40	30	35	+5
20	10	Amgen	0.00	0.0	30	20	10	15	+5

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40	30	Intel	0.00	0.0	20	40	30	35	+5
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40	30	Intel	0.00	0.0	20	40	30	35	+5
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60	50	Oracle	0.00	0.0	18	60	50	55	+5
40	30	Intel	0.00	0.0	20	40	30	35	+5
20	10	Amgen	0.00	0.0	30	20	10	15	+5

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12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Last	Change
100	90	IBM	4.00	4.5	12	100	90	95	+5
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60	50	Oracle	0.00	0.0	18	60	50	55	+5
40	30	Intel	0.00	0.0	20	40	30	35	+5
20	10	Amgen	0.00	0.0	30	20	10	15	+5

Handwritten note: "هذا في الجزائر"

Devaluation Mixes U.K. Data

By Erik Ipsen International Herald Tribune LONDON — The bill for the devaluation of the British pound is falling due much more quickly than most economists had expected.

Jan Beauchamp, an economist with Hambros Bank, said he believed the combination of higher-than-expected input-price inflation and manufacturing output would make people "more cautious" in predicting the next rate cut.

More Delay In Store for Eurotunnel? Alitalia Reveals Malev Stake Is 30%

The Associated Press LONDON — The opening of the Channel Tunnel, already six months behind schedule, may be further delayed by a dispute over payment for the \$12.5 billion project.

ROME — Alitalia SpA said Tuesday that the stake it agreed last week to buy in Malev, Hungary's national carrier, was 30 percent and that other Italian interests were buying an additional 5 percent.

Investor's Europe

Table with columns for Exchange, Index, Tuesday Close, Prev. Close, and % Change. Rows include Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, Amsterdam CBS Trend, Brussels Stock Index, Frankfurt DAX, Frankfurt FAZ, Helsinki HEX, London Financial Times 30, London FTSE 100, Madrid General Index, Milan MIB, Paris CAC 40, Stockholm Alfaersvaerden, Vienna Stock Index, Zurich SPS.

Sources: Reuters, AFP International Herald Tribune

U.K.: Will Britain Be Able to Fight the Import Tide?

(Continued from first finance page) economist at the Confederation of British Industry. In other words, something went wrong. More efficient, more profitable companies are supposed to expand.

growth led by exports and by domestic producers clawing back domestic market share. Stimulating consumer demand, it is argued, would only serve to pull in new waves of imports.

Kuwait to Sell Grupo Torras's Spanish Holdings

MADRID — Grupo Torras SA, the Kuwait Investment Office's Spanish holding company that went into receivership last week, says it wants gradually to sell off its Spanish interests.

British Midland Is Rebuffed by EC On Dan-Air Deal

BRUSSELS — The EC commissioner for competition policy, Sir Leon Brittan, said Tuesday he had rejected a complaint by British Midland Airways against British Airways' purchase of Dan-Air, but that he was going ahead with a separate inquiry demanded by Belgium.

Very briefly:

- KLM Royal Dutch Airlines will pay Philips Electronics NV 75 million guilders (\$42.5 million) to install personal video players in the airline's first- and business-class seats.
- Alko NV said it plans to invest 25 million guilders at its Delfzijl, Netherlands, plant due to an expected increase in demand for chloroform as a replacement for chlorofluorocarbons, whose use as coolants is damaging to the Earth's ozone layer.

SEOUL: Korea Fears Era of Rapid Growth Is Ending

(Continued from first finance page) wear companies, for instance, have shut down in the last two years as Nike, Reebok and other big buyers have taken their business elsewhere.

Many foreign analysts are not as pessimistic. They say the current slowdown stems from the worldwide recession and from efforts by the Government to rein in inflation.

New Outlay for Polish Steel

WARSAW — The Italian steel company Lucchini Siderurgia SPA said Tuesday it would invest \$150 million to modernize Poland's largest steelworks.

Christies Revamp to Cost 60 Jobs

LONDON — Christie's International PLC, the auction house, said Tuesday it was restructuring its specialist departments and cutting about 60 employees worldwide.

INGERSOLL-RAND COMPANY (CDRs) advertisement. Text: "The undersigned announces that as from 24 December 1992 at Kas-Amerische N.V. Spuisstraat 172, Amsterdam, div. cpa. no. 80 of the CDR's Ingersoll-Rand Company, each repr. 5 shares will be payable with Dfls. 1.22 net (div. per rec. date 18.11.92, gross \$ 0.175 psh) after deduction of 15% USA tax as 8.0.131 = Dfls. 0.25 per CDR Div. cpa. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA-tax (= \$0.131 = Dfls. 0.25) with Dfls. 0.99 net."

MINISTRY OF PUBLIC WORKS ROADS DEPARTMENT NOTICE OF INVITATION TO TENDER. Text: "UTILIZATION OF LOAN SAVINGS FOR ROADS MAINTENANCE PROJECT... The Government of the Republic of Kenya is inviting tenders for the construction of the following roads which are categorized in Law for the purpose of procurement as follows: Lot A: Mombasa-Shikanga 35 km (crucial)...

PIA advertisement featuring a tennis racket, a tennis ball, and a tennis shoe. Text: "PIA sponsored the 1988 World Bank Cup tennis in Lahore. PIA, the 'Spirit of Flight' originated in what is now Pakistan. The name popular sports in Pakistan, cricket is played in every village and town."

HQ BUSINESS CENTRES advertisement. Text: "The Worldwide Leader. Argentina • Belgium • Brazil • Canada • Chile France • Mexico • United Kingdom • United States Over 100 Business Centres Worldwide For a free HQ literature call USA: 1-415-781-7811"

CITIMARKETS advertisement. Text: "49, Boulevard Prince Henri, L-1724 Luxembourg NOTICE TO ALL UNITHOLDERS By decision of the Management Company and the Depository Bank, the Citimarkets Special Bond Portfolio was dissolved on December 9th, 1992."

If you don't think this looks like average flight school training material, you're right. But then PIA is no average airline. As Pakistan's largest sponsor of international sports, it's only natural that we would also actively promote sports internally, for our own fitness. Because the better we play, the better we work. Another reason why, when you fly with PIA, you're flying with extraordinary people.

AMEX

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE 52 High Low Last Chg

12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
9% AMX	0.00	0.0	112	9 1/2	9 1/2	9 1/2	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-
1% AIG	1.46	19.2	26	32	8	8	-

12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg

12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg

12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg
12 Month High Low Stock	Div	Yld	PE	52 High	52 Low	Last	Chg



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France	F.F. 1,800	980
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Great Britain	£	190
Greece	Dr. 65,000	36,000
Ireland	Ir.£	220
Italy	Lira	450,000
Luxembourg	L.Fr.	13,000
Netherlands	R.	3,100
Norway	N.Kr.	3,700
Portugal	Esc.	45,000
Spain	Pes.	45,000
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Some Cry Wordplay As Japan Rules Out Selling Deficit Bonds

TOKYO — The new Japanese finance minister, Yoshiro Hayashi, said Tuesday at his first major press conference that he opposed selling bonds to cover a national budget deficit. Analysis said he was playing a word game.

"The fact of the matter is that they can cover a budget deficit by selling construction bonds," said Marshall Gittler, bond market analyst at Merrill Lynch (Japan).

On paper, Japan is the virtually the only advanced nation without a budget deficit that it must cover with bond sales. Instead, Japan sells what it calls "construction bonds," which the government says are issued to raise money solely for public works projects.

Analysis pointed out, however, that high spending needs amid the current economic slowdown likely would cause the Finance Ministry to raise more money through bond sales, whether the bonds are labeled deficit construction or municipal.

The semantic exercise in Japan is one that the U.S. president-elect, Bill Clinton, seems willing to adopt. At the opening Monday of a two-day economic conference in Little Rock, Arkansas, Mr. Clinton said, "There's a difference between borrowing money to invest in the future and borrowing money to make the payroll."

He was quoted by The Associated Press as saying, "Should we re-examine this premise at the national level?"

The Japanese Finance Ministry, analysts say, is unwilling to appear as if it is headed toward the seemingly insurmountable fiscal problems facing the United States. The U.S. budget deficit is something Japan will avoid, they said, even if it means calling deficit financing something other than it is.

The government began issuing deficit bonds in 1972, which caused a balance sheet shortfall that it had to keep rolling over until 1989. "When a government sells what it calls deficit-financing bonds, it makes the markets think it has budget problems," said Mr. Gittler. "It just doesn't look good."

The Finance Ministry expects 61.3 trillion yen (\$495 billion) in tax revenue for the next financial year, analysts said. It will issue construction bonds of about 8 trillion yen to make up part of the shortfall, and the rest will likely come from such fundraising methods as the supplementary budget to be implemented later in the year.

One option, which the ministry chose to take this financial year, is to increase the amount of bonds sold on the regional level in the form of municipal bonds to raise money for spending by local governments.

"There are a lot of different tricks the government can do to get by without selling the so-called deficit bonds," said Masami Katsuragawa, a credit market analyst at Daiwa Securities.

Analysts said the 0.4 percent increase in the budget for the next year widely underestimated the spending needs of a government that is pumping money into the economy to revive growth. They said the ministry's estimate of 61.3 trillion yen in tax revenue was over-optimistic because of the decline in funds resulting from the slowdown.

Weak Data Spur Stocks In Tokyo

Bloomberg Business News

TOKYO — The benchmark Nikkei 225 average surged 1.1 percent Tuesday on a speculative rally fueled by hopes that weaker-than-expected data on machinery orders would lead to a cut in interest rates.

Private-sector machinery orders, excluding orders from shipbuilders and electric utilities, plummeted 30.7 percent year-on-year in October, to 799.1 billion yen (\$6.5 billion), and fell a seasonally adjusted 28.6 percent from September, the Economic Planning Agency said.

The year-on-year drop in October followed an 8.0 percent year-on-year fall in September. Orders rose by a seasonally adjusted 7.9 percent from August.

The Nikkei average rose 190.77 points, to 17,480.74. The weak data sparked a rally in futures prices on the chance that the Bank of Japan would lower the discount rate from 3.25 percent to spur the economy, said Wayne Rayner, a trader at Sanyo Securities.

Nikkei futures contracts for March delivery rose 280 points, to 17,410. In Osaka, and rose 335 points, to 17,635, in Singapore.

Matsuzakaya Shares Soar Shares of Yokohama Matsuzakaya, the department store, rose sharply Tuesday after Tokyo brokers received an anonymous fax saying that Harrods, the London shopping landmark, would purchase 20 percent of the Japanese company.

Matsuzakaya, a department store operator, owns 50 percent of Yokohama Matsuzakaya, which had sales of 29.2 billion yen in 1991.

The stock rose 80 yen, to 540, in the last minutes of trading after failing to trade for most of the day on an imbalance of buy-to-sell orders. Dealers said they doubted the validity of the letter, however.

China Will Cut Tariffs 7.3%

Compiled by Our Staff From Dispatches

BEIJING — China, announcing details Tuesday of its largest reduction of import tariffs ever, said the cuts would take effect Dec. 31 and knock 7.3 percent off the country's general import levies. It also said it would stop enforcing unpublished regulations that deter trade.

A spokesman for the State Council's Tariff Regulations Commission told the official China Daily newspaper that the reductions would speed China's re-entry into the General Agreement on Tariffs and Trade.

China said it expected its GATT application to be approved next year and has promised to cut its overall tariff level to 15 percent, comparable to that of other developing countries in the world trade body.

The move also shows China's willingness to fulfill its October agreement with the United States to improve market access. The agreement, which narrowly averted a trade war, stipulated China should "significantly reduce" tariffs by Dec. 31, 1993.

"These are significant tariff cuts," said John Frisbie, director of the U.S.-China Business Council's office in Beijing. "I would expect the U.S. trade representative will see these reductions as another positive piece of the puzzle."

Other measures the country is taking include reducing the need for licenses on two-thirds of imports within two years, according to Tong Zhiqiang, vice minister of foreign economic relations and trade.

In response to complaints from foreign business executives that the authorities often enforce regulations that are unpublished, Mr. Tong pledged that all documents on trade management would be made public in a year. After that, the government will implement only regulations that are on public record, he said.

The government will cut tariffs on 3,371 kinds of commodities from Dec. 31 in the broadest reductions ever made, press reports said.

The imports affected will include chocolates, industrial chemicals, construction materials and large aircraft and were selected because they are raw materials needed in China over the long term. cannot be made in China or come from developing countries. (Bloomberg, AFP)

Taiwan Airline Begins Public Offer

Reuters

TAIPEI — Taiwan's flag carrier China Airlines on Tuesday launched a public offer of shares worth 2.8 billion Taiwan dollars (\$110 million).

Applications to buy the 41 million shares, priced at 68 dollars each, will be accepted from Dec. 16-19, the airline said. It plans to list the stock on the exchange in mid-February.

"The offer will help us raise money to repay debts and finance purchases of new planes," a spokesman said, adding that the airline planned to expand its international operations.

China Airlines is currently 85 percent owned by the China Aviation Development Foundation, technically a private body. The remaining 15 percent was sold to local companies and airline employees in share placements that began late last year.

The public offer will reduce the foundation's ownership to about 80 percent, the spokeswoman said. Foreign investors will be permitted to buy the shares on the market.

Booned by Taiwan's economic boom and rising overseas travel by its citizens, the airline has been profitable in the past few years. Pretax profit rose 18.7 percent from a year earlier, to 4 billion dollars, in the first three quarters of 1992, while sales up 3.8 percent, to 25 billion dollars, the spokeswoman said.

A recent survey by Fortune Magazine found China Airlines was the world's fourth most profitable airline, behind British Airways, Singapore Airlines and Cathay Pacific Airways, the spokesman said.

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Vodafone Wins Bid in Australia

Bloomberg Business News

CANBERRA — The Australian government accepted a 140 million Australian dollar (\$96.3 million) bid from the Arena GSM consortium, led by Vodafone Group of Britain, for Australia's third mobile telephone network.

A rival bid by the SinTel consortium, led by Singapore Telecom, was rejected. Hutchinson Telecommunications, based in Hong Kong, withdrew from the bidding in September.

Robert Millington, an analyst at Barclays de Zoete Wedd in London, said the decision would boost the value of Vodafone shares, but gains will be limited because the company had been viewed as the front-runner. Vodafone shares closed Tuesday on the London Stock Exchange at 413 pence (\$6.47), up 4 pence.

Investor's Asia

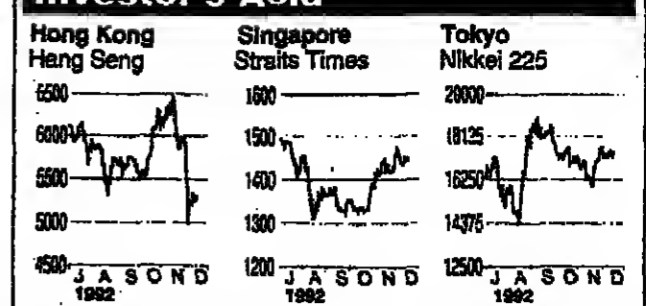


Table with columns: Exchange, Index, Tuesday Close, Prev. Close, % Change. Rows include Hong Kong, Singapore, Sydney, Tokyo, Kuala Lumpur, Bangkok, Seoul, Taipei, Manila, Jakarta, New Zealand, Bombay.

Very briefly:

- LM Ericsson AB said it agreed to form a joint venture with local partners in Guangdong province of China to sell and support mobile cellular systems beginning in early 1993.
• India, buoyed by a good monsoon season, is expected to produce a record 176 million tons of grain in the 1992/1993 year, below the official target of 183 million tons but up from 171 million tons a year ago.
• The Philippine Economic Planning Department said the country's economy would grow only 1.5 percent in 1992, down from estimates of as much as 2.5 percent, with the drop attributed largely to power shortages.
• Samsung Heavy Industries Co., a South Korean shipbuilder and machinery maker, said it had received an order worth \$100 million from Singapore's port authority.
• Beaconsfield Gold Mines Ltd. said shareholders have approved a proposal to reconstruct a Tasmanian mine which was once one of Australia's richest producers but ceased production in 1914.
• Japanese companies raised their winter bonuses for employees by only 0.52 percent in 1992 from a year ago, the smallest rise since 1980, according to an employers' survey.

ADVERTISMENT INTERNATIONAL FUNDS

Large table listing various international funds with columns for fund names, currencies, and other details. Includes sections for 'INTERNATIONAL FUNDS' and 'Other Funds'.

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SPORTS FOOTBALL

Just a Formality? Baseball Clubs File Notice for Lockout

By Murray Chass
NEW YORK — It may turn out to be a formality, but it may be the first move in the eighth week stoppage in the last eight league negotiations between major league baseball's club owners and players.

Donald Fehr, the head of the players union, disclosed Monday that the clubs sent to the Federal Mediation and Conciliation Service last week a notice that must be filed 60 days before one side can engage in a work stoppage against the other.

The clubs also sent such notice, required under the National Labor Relations Act, to the U.S. agency in November 1989, and the following February began a 73-day lockout of players from spring training camps.

Steinbach Stays Put
Terry Steinbach joined the list of free agents who have said no to the New York Yankees' millions, agreeing Monday to stay with the Oakland Athletics for \$14 million over four years, The Associated Press reported.



Mark Higgs, who ran the Raiders ragged, also had a hand in the Dolphins' big play of the third quarter, a 62-yard touchdown pass.

Dolphins Bruise Raiders to Near Spot in Playoffs

The Associated Press
MIAMI — The struggling offense finally scored a touchdown and the defense got another as the Miami Dolphins beat the Los Angeles Raiders, 20-7, and stayed in contention for the American Conference East title in the National Football League.

The play came 20 seconds after Pete Stoyanovich opened the scoring with a 26-yard field goal. He also kicked a 25-yarder in the fourth quarter.

SCOREBOARD

BASKETBALL

NBA Standings table with columns for Eastern Conference and Western Conference, listing teams like New York, Houston, and Los Angeles.

College Basketball's Top 25

Table of college basketball top 25 teams, including Duke, Kansas, and Michigan.

SOFTBALL

Table of softball standings, including teams like Michigan, Indiana, and California.

SKIING

Table of skiing world cup results, listing winners like Alberto Tomba and Kjetil André Aamodt.

CRICKET

Table of cricket world series cup results, including matches between Australia and West Indies.

FOOTBALL

Table of NFL standings, listing teams like Buffalo, Miami, and New England.

Anderson's return tied for the third longest in NFL history. Brown's score was just as sudden. He stepped in front of the intended receiver, Willie Gault, on a square-pattern pattern, caught Schroeder's pass in full stride and raced untouched down the sideline to his first touchdown in four years in the NFL.

After 5-Year Stalemate, NFL May Have a Deal

By Mark Asher
WASHINGTON — This much seems reasonably certain about the labor situation between National Football League owners and their players: There is either going to be peace soon — ending five years of litigation over unrestricted free agency — or more contentiousness, with both sides possibly returning to federal court over a new issue: The NFL's college draft.

The NFL's spokesman, Joe Brown, reiterated his earlier statement that "a lot of work remains to be done." Asked to characterize those details as substantive or mechanical in nature, Brown replied, "Substantive."

TRANSACTIONS

BASEBALL
BALTIMORE — Shined Jimmer Moyer, pitcher, and Scott Coolbaugh, infielder, to minor league contracts and optioned them to Rochester, N.Y.

Major College Scores

Table of major college basketball scores, including Duke vs. Kansas and Michigan vs. Indiana.

INTERNATIONAL CLASSIFIED

Large classified advertisement section with multiple sub-sections: REAL ESTATE INVESTMENTS, REAL ESTATE TO RENT/SHARE, REAL ESTATE UNFURNISHED, AVIATION, PERSONALS, MOVING, AGS INTL, WE MOVE YOU & YOUR GRANDMOTHER'S CRYSTAL, GROSPIRON INTERNATIONAL, LOW COST FLIGHTS, ACCESS VOYAGES, GRANADA - 3 STAR HOTEL, PARIS AREA FURNISHED, SPAIN, USA COMMERCIAL & INDUSTRIAL, TAX SHELTER PROPERTIES, REAL ESTATE TO RENT/SHARE, GREAT BRITAIN, PARIS AREA FURNISHED, HEAD OFFICE, EUROPE, AMSTERDAM, BRUSSELS, COLOGNE, DUBLIN, GENEVA, LISBON, LONDON, MADRID, MILAN, MUNICH, NANTES, PARIS, ROTTERDAM, ST. PETERSBURG, VIENNA, ZURICH, NORTH AMERICA, AUSTRALIA.

TODAY'S BUSINESS MESSAGE CENTER

Appears on Page 4. Includes information about legal services, automobiles, and other business-related ads.

OBSERVER

The Fairy-Tale Cliché

By Russell Baker

NEW YORK — The papers and the television keep repeating "storybook marriage." Even years ago with the same witless monotony they kept repeating "fairy-tale wedding." What's a fairy-tale wedding? A middle-aged bachelor and an up-to-the-minute version of one of Evelyn Waugh's bright young things taking the vows — is that a fairy-tale wedding?

For a fairy-tale wedding you need a glass slipper or maybe a glass coffin and a resolute though colorless prince willing to travel around trying in fit women's feet into the slipper or ready to kiss life into palpably undead housekeepers for dwarfs.

That business with the glass slipper would probably get a prince in dutch oowadays when everybody knows about foot fetishists and sexual harassers. Also for fairy-tale weddings there ought to be wicked witches, evil stepmothers, fairy godmothers.

None of these would we tolerate for an instant today. We are too enlightened. We know stepmothers are just as nice as everybody else, and you know how nice that is. Fairy godmothers turning pumpkins into coaches, rats into footmen, squalor into beauty: we know about fairy godmothers oowadays. They are nothing but metaphors, and metaphors are poetry, and who wants to mope around with poetry now when every grocery counter in America offers Heartbreak, Miracle, Tragedy, Split, Diet, Cancer, and Shocking Truth?

As for witches, they now talk to reporters about the charity fundraisers of their coven, proving that even witches oowadays are publicized.

Surely they will soon have a Witches Association of America in Washington, which is to say, a lobby out to persuade Congress that witches are just as nice as stepmothers, so deserve some subsidy money. I may already be shamefully insensitive to suggest witches have to be wicked to get into the sisterhood? Sisterhood? What are we saying? Half the typical coven in these gender-speaking days probably has to be composed of men witches.

So much for the fairy-tale wedding of Di and Charles. The age

Voltaire's Legacy: The Cult of the Systems Men

By Barry James

PARIS — Voltaire was an eminently reasonable thinker, but in the hands of modern man his ideas have been turned into dangerous folly.

Thus argues the Canadian author John Ralston Saul who, in his latest book, "Voltaire's Bastards," says that the kind of critical thinking propounded by the philosophes of the 18th-century Enlightenment has degenerated into a cult of managerial, financial and scientific efficiency bereft of democracy or morality.

The result, he says, is the development of rational elites that know everything there is to know about their self-contained technical or scientific worlds, but lack a broader vision. They range from Marxist cadres to Jesuits, from Harvard MBAs to army staff officers, but they have a common underlying concern: how to get their particular system to function. Meanwhile, Saul maintains, civilization becomes increasingly directionless and incomprehensible.

"The single thing that modern managers and politicians cannot do properly is to manage," Saul said in an interview here. "They can administer detail, but they cannot manage civilization." Voltaire used the verbal rapier to prick the pretensions of his time. Saul uses the verbal blunderbuss. An energetic gaffly, he scatters scorn liberally on the technocratic elites that he says hold sway in virtually every Western country.



John Ralston Saul says that the kind of critical thinking propounded by the 18th-century philosophes has degenerated into a cult of efficiency, bereft of morality.

with free competition masking a vast subordinated market in armaments; a world of violence in which the number of people killed every day exceeds the daily losses of the French Army in the Great War. "If philosophy has nothing to say about the way that society works, then maybe philosophy has got a problem," he said. The author said knowledge no longer is generally seen as a means of public enlightenment, but is rationed out and used as a means of power and control, and of self-affirmation over other people.

tends its grip everywhere. In Britain, Saul noted, even the gardeners at the royal parks and the museum curators are bound by the Official Secrets Act.

Because of the combination of increasing specialization and declining communication, Saul argues, modern executives fail to see "that what does not seem to work in military strategy is, in fact, what doesn't work in museum administration either." Good leaders, Saul said, are often not concerned with administration or managing detail, but with concepts and ideas. They may even seem lazy.

"They have a tendency to stay in bed and get up late," Anwar Sadat of Egypt was a notorious late riser. Mackenzie King, a former prime minister of Canada, stayed in bed until noon. Winston Churchill frequently chose to work in bed, while President Charles de Gaulle, although confined himself to correcting the grammar in his ministers' letters — leaving them to get on with the details of administration while he pondered grander things.

Saul argues that the cult of efficiency and reason began with the Jesuits, who he said embraced a method of a priori reasoning, efficiency and secrecy divorced from ethical considerations — the idea that the end justifies the means. He said modern civilization goes further, because it marries Jesuit methodology to the concept of the nation-state and the overriding principle of *raison d'état*. "Systems dominate everywhere as do the systems men. At the same time nationalism has never been so strong, so much an end in itself."

Voltaire ridiculed the elite of his day as pitifully ignorant, of being incapable of thinking and asking questions and talking in wide circles. Saul says, however, that "the technocrats of our day make the old aristocratic leaders seem profound and civilized by comparison. The technocrat has been actively, indeed intensively, trained. But by any standard comprehensible within the tradition of Western civilization, he is virtually illiterate."

The author compared the polymath-civilists of the 18th century to doctors today who earn hundreds of thousands of dollars, whose knowledge and vocabulary is limited to a single organ, whose acquaintance with literature is derived from the reading of a few formula thrillers and whose political understanding is limited to a schematic view of capitalism versus communism. Saul said that the worst thing for modern elites is to admit doubt. In Socratic dialogue, every answer raises a question but "with the contemporary elites every question produces an answer." Thus ensues a civilization of enormous technological power but puny wisdom.

PEOPLE

Streisand and Sony Set For a \$60 Million Deal

Barbra Streisand joins the mogul class: Sony has signed a \$60 million contract with the singer, putting her right up with the top earners, Madonna, Prince and Michael Jackson, according to New York Newswire. Streisand, 50, would get paid an estimated \$3 million for each film she directs and \$5 million for each album she produces over the 10 years of the deal. Streisand also reportedly will get a \$4 million advance per film performance, and \$1 million for each movie she produces.

The New Yorker reported that the spirit of Princess Diana's dead father sees "a new suitor in the new year" for the recently separated wife of Prince Charles, the princess's spiritual consultant said. Betty Falke, who has been Diana's clairvoyant since 1987, said she often speaks with the spirit of Diana's father, the late Earl Spencer, in the presence of the Princess of Wales.

A \$34 million film biography of Charlie Chaplin opens in London on Wednesday but has already run into carping from critics who say the bowler-hatted tramp he invented just isn't funny any more. Sir Richard Attenborough's tribute treats an uneasy lightbulb between adoring worship of the Chaplin legend and poking around in the private life of the star, a womanizer who married four times and sired 11 children. He died in Switzerland in 1976, a multimillionaire who detested "talkies."

The fashion designer Vivienne Westwood caused a stir on Tuesday when she left off her underwear for an audience with Queen Elizabeth II. Westwood, 51, known as the "Queen of Punk" for pioneering the punk movement of the 1970s, received an Order of the British Empire dressed in a respectable grey wool suit with long skirt and fitted jacket. Asked if she wore underwear to receive the honor at Buckingham Palace, she said: "I didn't actually, I wore tights and I have got a bra on but no knickers."

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 23

WEATHER

Weather forecast section including maps for Europe, North America, Asia, and Oceania, with temperature and precipitation data for various regions.

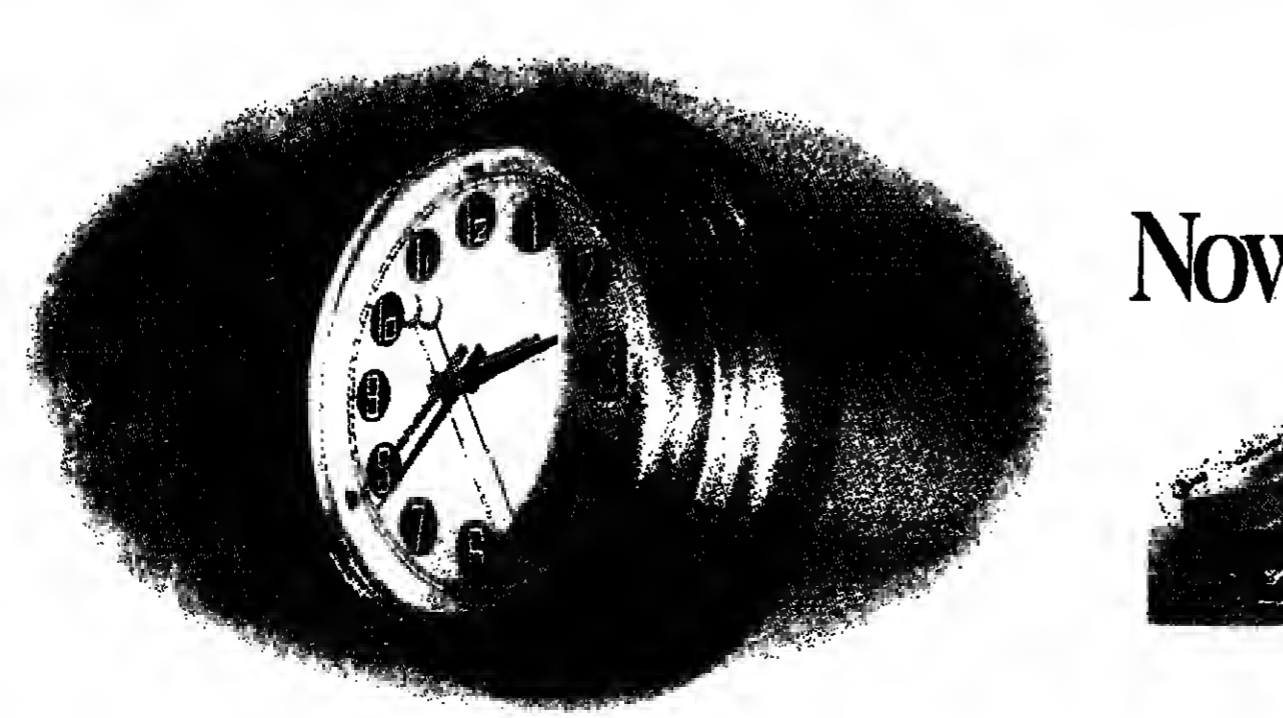
CROSSWORD

Crossword puzzle section with clues for Across and Down, and a solution to a puzzle from Dec 15.

BOOKS

HENRY JAMES: The Imagination of Genius. By Fred Kaplan. 620 pages. \$25. William Morrow & Co. Reviewed by Michiko Kakutani. ANOTHER biography of Henry James? Since the publication of Leon Edel's magisterial and minutely detailed life of James the five-volume study was completed in 1972 and is widely acknowledged as one of the preeminent examples of the hagiographer's art — it would seem an act of hubris or folly to attempt another portrait of the Master.

When it comes to analyzing James's major works, Kaplan is decidedly more provocative, providing the reader with some interesting, if extremely Freudian, interpretations of the author's autobiographical impulse. The problem is that they are overly reductive, always a liability in literary criticism, but especially so in the case of James, a novelist of sensibility whose very art depended on the subtle delineation of the nuances of the human spirit.



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